

75 YEARS MAKING HISTORY

AR68



INVESTORS GROUP 2000 ANNUAL REPORT



SOLUTIONS BUILT AROUND YOU.™

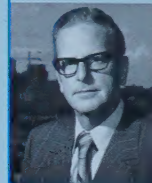
I n v e s t o r s G r o u p

★ 1936 – Harold Sinclair starts his career in Calgary, and 64 years later becomes the longest-serving Consultant in Investors Group history



▲ 1955 – Investors Group introduces the concept of Dollar Cost Averaging

★ 1971 – Robert H. Jones becomes the third President of Investors Group



■ 1971 – First offshore fund: Investors Japanese Growth Fund launched



● 1926 – Investors Syndicate Inc. establishes its first office in Canada



■ 1941 – First Canadian product: Series One Installment Certificate launched

● 1964 – The Investors Group established as a holding company

1894

● 1894 – Investors Syndicate Inc. founded by Minneapolis lawyer John Tappan

1936



★ 1930 – Theodore O. Peterson starts his career in Regina as a Consultant, and becomes company's first President in 1946

1940

● 1940 – Investors Syndicate of Canada, Limited incorporated

1941

■ 1950 – First mutual fund: Investors Mutual of Canada launched – celebrated 50th Anniversary in 2000



1955

1962

■ 1962 – First international fund: Investors International Mutual Fund (now Investors U.S. Large Cap Value Fund) established



1964

★ 1966 – Clarence E. Atchison becomes the second President of The Investors Group



1966

1969

● 1969 – Power Corporation becomes majority shareholder in The Investors Group

1971

1972

▲ 1972 – Investors Group develops the Personal Financial Review

- Corporate
- ★ Personal
- Investment Management
- ▲ Financial Planning
- ◆ Products and Services

M i l e s t o n e s

★ 1981 – Arthur V. Mauro becomes the fourth President of Investors Group



★ 1992 – H. Sanford Riley becomes the fifth President of Investors Group



◆ 1995 – A Whole New World launched offering new partner funds, insurance, mortgages and securities

▲ 1995 – Investors Group Advantage™ laptop computer network launched, equipped with Personal Financial Planning software



■ 2000 – I.G. International Management Limited opens new office in Hong Kong

◆ 2000 – Investors Group and CIBC join forces to offer full banking and brokerage services

● 1998 – Investors Group acquires MAXXUM Group of Funds from London Life

● 1997 – Investors Group joins Great-West Life in the purchase of London Life

● 2001 – Investors Group announces plans to acquire Mackenzie Financial Corporation

● 1986 – Power Financial Corporation becomes the parent company of Investors Group, which makes an initial share offering

1980 – “Managing for Capital Growth” asset allocation strategy launched

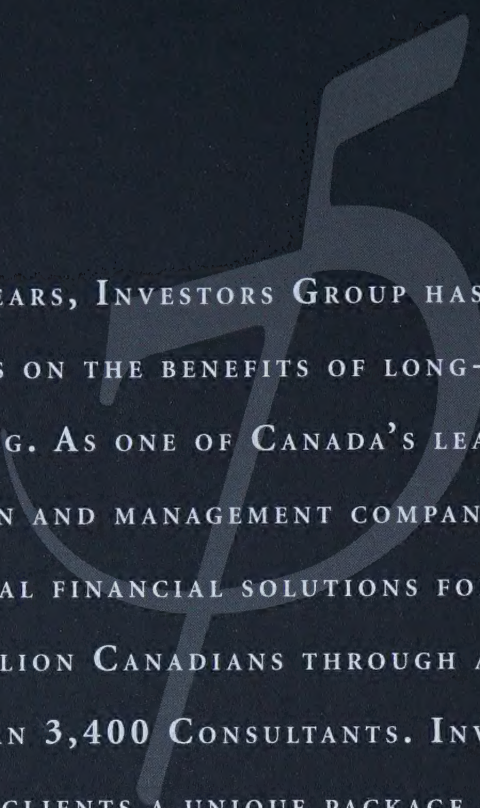


■ 1993 – I.G. International Management Limited opens new office in Dublin, Ireland

● 1999 – Investors Group partners with Scudder Canada Investor Services Ltd. to form Scudder Maxxum Co.

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FOR 75 YEARS, INVESTORS GROUP HAS BEEN ADVISING CANADIANS ON THE BENEFITS OF LONG-TERM FINANCIAL PLANNING. AS ONE OF CANADA'S LEADING WEALTH CREATION AND MANAGEMENT COMPANIES, WE BUILD PERSONAL FINANCIAL SOLUTIONS FOR MORE THAN ONE MILLION CANADIANS THROUGH A NETWORK OF MORE THAN 3,400 CONSULTANTS. INVESTORS GROUP OFFERS CLIENTS A UNIQUE PACKAGE OF FINANCIAL PLANNING SERVICES AND A FULL COMPLEMENT OF FINANCIAL, INVESTMENT AND WEALTH MANAGEMENT OPTIONS FOR EVERY STAGE OF LIFE. WITH MORE THAN 140 MUTUAL FUNDS AND MANAGED ASSET FUNDS, A VARIETY OF MORTGAGE OPTIONS, INSURANCE AND SECURITIES SERVICES, GICs AND FULL BANKING AND BROKERAGE SERVICES IN 2001, WE ARE WELL EQUIPPED TO BUILD EFFECTIVE FINANCIAL SOLUTIONS FOR CANADIANS. OUR CONSULTANTS, WHO LIVE AND WORK IN VIRTUALLY EVERY COMMUNITY IN CANADA, ENJOY THE SUPPORT OF 102 FINANCIAL PLANNING CENTRES ACROSS THE COUNTRY.

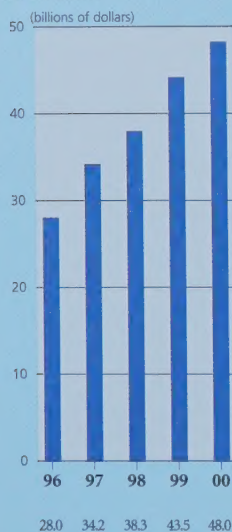


FINANCIAL HIGHLIGHTS

	2000	1999	Change
Net income (in thousands of dollars)	\$ 284,025	\$ 235,613	20.5%
Earnings per share	\$ 1.35	\$ 1.12	21.0%
Dividends per share	\$ 0.61	\$ 0.49	24.5%
Return on average common equity	28.1%	26.4%	
Mutual funds (in thousands of dollars)			
Sales	\$ 7,053,083	\$ 5,914,530	19.3%
Redemption rate	14.0%	11.9%	
Net sales	\$ 975,638	\$ 1,369,940	-28.8%
Assets under management	\$ 44,498,392	\$ 40,649,739	9.5%
Insurance (in thousands of dollars)			
Sales (annualized premiums)	\$ 26,550	\$ 25,099	5.8%
In force (face amount)	\$ 20,876,087	\$ 18,085,546	15.4%
Securities operations (in thousands of dollars)			
External assets gathered	\$ 1,331,005	\$ 946,044	40.7%
Assets under administration	\$ 2,645,898	\$ 1,470,758	79.9%
Mortgages (in thousands of dollars)			
Originations	\$ 843,166	\$ 1,010,889	-16.6%
Mortgages serviced	\$ 7,147,030	\$ 7,568,806	-5.6%
Deposits and certificates (in thousands of dollars)			
Sales	\$ 105,455	\$ 87,014	21.2%
Deposits and certificates	\$ 218,980	\$ 306,809	-28.6%
Clients	1,167,053	1,137,605	2.6%
Client accounts	5,027,160	4,411,475	14.0%
Consultants	3,483	3,626	-3.9%
Employees	2,050	1,831	12.0%
Financial Planning Centres	102	102	- %

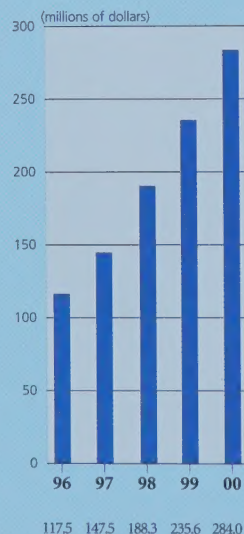
Assets Under Management and Administration

As at December 31



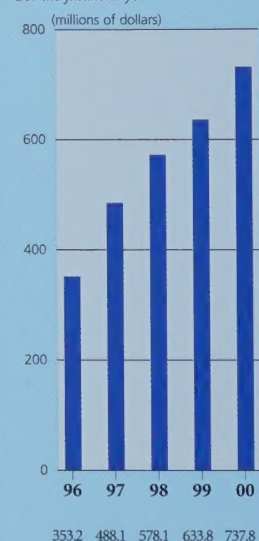
Net Income

For the financial year



Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

For the financial year





H. Sanford Riley
President and Chief Executive Officer
Investors Group Inc.

75 Years Making History

In 1926, Investors Syndicate, a forerunner to the modern day Investors Group, opened its first office in Vancouver and began pioneering the concept of financial planning in Canada. From the very start, the Investors name became synonymous with leading-edge financial products and one-to-one personal advice and service. During the early years, our Company led the way with the introduction of one of the country's first mutual funds, Investors Mutual of Canada, which celebrated its 50th Anniversary in 2000. To complement our growing product line, Investors Group also introduced new financial planning strategies like the benefits of dollar cost averaging, and later the *Personal Financial Review*. The Company and our Consultant Network continued to grow, and we expanded our product and service offerings to include a full range of financial planning options including investments, insurance, securities and mortgages. Today, as consumers look to more sophisticated products and services, we continue to evolve our business to meet their changing needs. In the year ahead, we will be adding new wealth management services, full banking and brokerage services, along with broader online and 1-800 access. Over the past 75 years, Investors Group has demonstrated its continuing ability to regenerate itself in response to changing market conditions, and that capacity continues to this day.

"Investors Group
has
demonstrated its
continuing ability
to regenerate
itself in
response to
changing market
conditions"

Solutions Built Around You™

Throughout its history, Investors Group has built its strength on three very important pillars: close personal client relationships, a strong financial planning ethic and a commitment to the lifelong financial well-being of clients. These pillars are reflected in our client promise – *Solutions Built Around You* – and this pledge has helped us earn the trust of Canadians for generations. ¶ Through our Consultant Network, we have built relationships with close to 1.17 million clients in virtually every community in Canada. And in a world with increasing competition and uncertain markets, it has been the strength of these relationships that has enabled Investors Group to post another year of outstanding results.

The Year 2000

The year 2000 was challenging for both our clients and our Consultants. It began amidst some of the most buoyant stock markets in our Company's history. From 1998 onward, we experienced what can best be described as a "dot com bubble", fuelled by sharp increases in the value of many unproven companies. The exuberance created by this situation led to unrealistic expectations for many investors and resulted in dramatic increases in financial transaction volumes of all forms including the most active RSP season in the history of our Company. ¶ As the year progressed, the bubble burst, and market activity dropped off sharply. Many investors experienced their first major prolonged correction along with the attendant fears that accompany negative market conditions. All of this created an extremely volatile emotional context for our Consultants' dealings with clients and we are very proud of the work they did this year. ¶ Investors Group and our Consultants have always advocated the management of a well-diversified, balanced portfolio, a focus on long-term objectives and an investment discipline that focuses on basic investment values. ¶ These beliefs were put to the test this year, as never before, because of the nature of the market conditions we faced. By year-end, the wisdom of this approach for clients was confirmed as the value of our clients' assets held up well in the face of stiff declines in many markets. One of the reasons for this result was our strong investment performance – nearly 80% of the assets in our Investors Master Series™ funds placed in the first or second quartile for one-year performance.

"It has been the strength of these relationships that has enabled Investors Group to post another year of outstanding results"

Strong Financial Performance

Despite these very challenging conditions, Investors Group outperformed the previous year on a number of fronts. Assets under management and administration surpassed \$48 billion, while mutual fund assets exceeded \$44 billion, up 9.5%. Earnings per share rose by 21.0% to \$1.35, another record for Investors Group Inc. This enabled the Corporation to increase dividends per share by 12 cents to 61 cents, and increase the return on average equity to a record 28.1%. Since 1995, Investors Group Inc.'s earnings have grown an average of 23.8% per year. After declines in 1999, mutual fund sales rose 19.3% to \$7.05 billion. Insurance sales increased by 5.8%, bringing the amount of insurance in force to \$20.9 billion. Assets under administration through Investors Group Securities Inc. rose by 79.9%, now totalling \$2.65 billion. Mortgage originations were \$843 million for the year.

The Competitive Landscape

Our results in 2000 are particularly noteworthy considering the vast changes that are occurring in the financial services industry. Consumer demands and expectations are rising, and leading industry participants are responding by broadening their product, service and access options. At the same time, the industry continues to consolidate to strengthen its competitive position. Investors Group continues to participate in this trend in a manner that makes sense to our overall business strategy. Our asset growth in 2000 was enhanced by Scudder Maxxum Co., which provided us with strategic access to alternate investment products and distribution channels, including London Life. Shortly after year-end we announced our intention to acquire 100% of Mackenzie Financial Corporation, one of Canada's leading mutual fund manufacturers. When this transaction closes in April, the combined entity will have over \$85 billion in assets under management and administration. This will provide us with access to a wide variety of distribution channels and industry-leading scale, both of which will strengthen our position in a very competitive market.

Outside our core manufacturing and distribution expertise, we continued to align ourselves with other companies that bring different strengths to the table that complement the skills of our Consultants. Our unique agreement with Canadian Imperial Bank of Commerce to offer banking and brokerage services, starting in 2001, is a prime illustration of this strategy.

"Consumer demands and expectations are rising, and leading industry participants are responding by broadening their product, service and access options"

Strengthening Relationships

Aside from our banking and brokerage initiative, we took other important steps over the past year to strengthen our client relationships. We expanded and re-balanced our mutual fund product shelf to provide greater style and geographic diversity. This includes a completely new selection of multi-manager portfolio funds, additional technology and global funds, RSP-eligible funds, and new partner funds advised by Janus Capital Corporation and Fidelity Investments Canada Limited. ¶ Investors Group continued to enhance its global investment capabilities by opening new offices in Hong Kong and Toronto, building on its existing operations in Winnipeg, Montreal and Dublin. We also launched *iProfile*™, a new managed asset program designed for high-net-worth clients, offering premiere investment expertise and many other features attractive to this growing segment of the market. In addition, we developed a no-load option for our Master Series™ and partner funds that provides clients with greater alternatives in designing their portfolios. ¶ A central feature of many of our new initiatives is enhancing ways for clients to access Investors Group products and services. During 2000, we laid the groundwork to enable clients to view their entire position with Investors Group online, starting with a completely redesigned Web site that is more informative, interactive and integrated. In 2001, clients will have the opportunity to do their banking online and, down the road, we envision those with brokerage accounts through Investors Group Securities Inc. will be able to conduct transactions via the Internet.

Unparalleled Advice and Service

The real strength of Investors Group continues to be the one element that has set us apart since the very beginning – the unparalleled level of advice and service our Consultants provide to clients each and every day. Supporting the wisdom Consultants bring to these relationships is, undisputedly, the best training program in the industry, which we are completely redeveloping to adapt to the growing complexity of clients' financial needs. ¶ Other enhancements were made to the platform of support we provide to our Consultants and clients. We introduced the highly-successful *At Your Service* program to provide greater head office support to our senior Consultants. Similarly, we enhanced our online support through Investors Group Advantage™Plus, including a new program called Marketing Planner that provides Consultants better contact with clients. As part of our Web improvements, Consultants now have their own Web pages, and we have started to introduce our Order Entry system to the field, which will enable Consultants to conduct online transactions wherever they are.

"Supporting the wisdom Consultants bring to these relationships is, undisputedly, the best training program in the industry"

Sharing Our Success

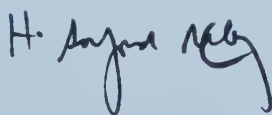
One of the responsibilities of a successful company is to give back to the communities where we live and work. That's the motivation behind our Community Support and Matching Gift programs that encourage our Consultants and employees to volunteer and provide direct support to charitable causes in their home communities.

In 2000, we invested more than \$3.25 million back into the community, with special emphasis on encouraging educational and athletic achievement among our young people. As a Caring Company participating in the Imagine program, Investors Group is committed to sharing our success with the people who need it most. We are gratified that our Consultants and employees across Canada are doing their part to make their communities more vibrant and dynamic.

Investors Group in the Future

As we mark our first 75 years in business, it is fitting that we pay tribute to the people and events that helped build and shape our Company. Many of the pages in this year's annual report are dedicated in their memory. ¶ We would also like to pay tribute to the memory of our colleague Bob Graham, a director of the Company, who passed away this year. He will be missed by his friends at Investors Group. ¶ Investors Group can celebrate many achievements, but the greatest achievement is the collective effort of our Consultants, employees, directors and shareholders – without which our Company would not be the success that it is. Thank you all for your ongoing dedication. ¶ Together we have done great things, and together we will do great things in the future. Together we will reach our goal of becoming the leading wealth creation and management company in Canada.

On behalf of the Board,



H. Sanford Riley
President and Chief Executive Officer
Investors Group Inc.
February 1, 2001

"Together we
will reach our
goal of
becoming the
leading wealth
creation and
management
company in
Canada"





Dick and Georgie Hoffmann of Saskatoon have been clients of Herb (portrait), Peter and Richard Kilburn for three generations – over 43 years.

Pioneers in financial planning

For the past 75 years, Investors Group has pioneered the concept of one-to-one financial planning in Canada. In the early days, the philosophy was simple – make regular installments, and watch your money grow. Clients were given an Investors Group savings bank, and encouraged to put away a few cents a week. When the bank was full, it was time to contribute to your installment certificate, which had a guaranteed rate of return. With the advent of new financial products, like mutual funds in the 1950s, Investors Group Consultants shared the value of “dollar cost averaging.” Clients saw how regular contributions and compound returns worked to buy more mutual fund units when markets were down, and how quickly their investment would grow when markets went back up. “Pay Yourself First” became synonymous with the Investors Group approach to financial planning, as clients made it a priority to invest regularly as part of their monthly financial obligations. In 1971, Investors Group launched the *Personal Financial Review*, which expanded beyond investments, to include all the elements of a client’s financial well-being, including insurance, mortgages and tax planning. As the range of financial products and services grew, so did the quality of the advice provided by Investors Group Consultants. A new asset allocation strategy called “Managing for Capital Growth” was introduced in 1980 to enable Consultants to match a client’s time horizon, risk tolerance and performance expectations with the right mix of assets. Today, Investors Group’s knowledgeable Consultants also provide clients with more sophisticated advice in the development of personal tax strategies along with in-depth approaches to retirement planning and estate planning. With a strong tradition of financial planning and asset management, clients have come to trust Investors Group to build unique financial solutions around their individual needs.

“‘Pay Yourself First’ became synonymous with the Investors Group approach to financial planning”



The Dawes have been clients since 1956. Charlie Pope Sr. and Jr. of St. John's have worked with the Dawe family, including Chester, his daughter Sonia and her son Andrew.

The value of lasting relationships

Integrity. Quality. Responsiveness. ⌘ These three words make up the core values to which all Investors Group Consultants and employees aspire. ⌘ Throughout the years, Investors Group has built its foundation on these core values and a strong financial planning ethic which puts the client at the heart of everything we do. From the very beginning, your Investors Group Consultant has been someone you know who lives in your community. Someone who cares about the quality of life in your community and contributes through their personal investment of time and resources.

⌘ Investors Group Consultants share the benefit and the wisdom of 75 years of collective experience in financial planning. Through the Investors Group Institute, lauded as the best training program in the industry, Consultants make a commitment to lifelong learning that keeps them at the forefront of their profession. New Consultants must attain their Certified Financial Planner designation within their first five years with Investors Group, which gives clients great confidence in the knowledge and skills they possess. ⌘ As a pioneer and a leader in the financial services industry, Investors Group views it as our responsibility to advocate for high professional standards, industry self-regulation and consumer protection. We continue to be active participants in the Investment Funds Institute of Canada and the Mutual Fund Dealers Association of Canada in the development of standards and policy for the entire industry. ⌘ At Investors Group, we value the importance of lasting relationships, both with our clients and the communities where we live and work. Through our support of the arts and education, amateur athletics and local community initiatives, we are pleased to share our success by contributing to the quality of life in communities throughout Canada.

"Investors Group Consultants share the benefit and the wisdom of 75 years of collective experience in financial planning"



Leger and Frank
Cameron have been
advising clients
throughout the
Eastern Townships
for over 60 years.
Among them, the
Rheaume family of
St. François,
including Cecile, her
son Jacques and his
daughter Lianne.

Performance for a lifetime

Throughout the history of Investors Group, one of the keys to our clients' success has been the rewards of long-term investing. ¶ This long-term thinking goes back

to the introduction of our very first Canadian investment – the Series One Installment

Certificate in 1941. The certificate was based on a 15-year term of regular contributions, at a guaranteed rate of 3.6%. ¶ Nine years later, Investors Group

would introduce our next long-term investment, Investors Mutual of Canada – one of the country's first mutual funds. A relatively new concept at the time, clients could now invest in a diversified mix of stocks and bonds with a single investment. ¶ In the

early days, Investors Group began with a small team of investment managers based

out of our head office in Winnipeg. Over time, the team expanded their focus to

include global investments, including some of Canada's first International funds,

Japanese funds and European funds. ¶ Today, I.G. Investment Management, Ltd. and

I.G. International Management Limited have grown to manage 44 equity, fixed income, balanced, RSP-eligible and portfolio funds out of its combined global operations

in Winnipeg, Toronto, Montreal, Dublin and Hong Kong. Investors Group bases

its decisions on sound and proven fundamental analysis, making investments with a

long-term perspective. Research, analysis and a disciplined, scientific approach

represent the cornerstone of our investment process, giving us an advantage in helping

investors achieve superior returns at below-average risk over the long term.

¶ In fact, if you had invested \$10,000 in Investors Mutual of Canada when it was first introduced, even without making any further installments, your investment would be worth more than \$1 million today. This is what we call performance for a lifetime, and that is what our clients have come to expect from Investors Group.

"Helping
investors
achieve superior
returns at
below-average
risk over the
long term"



*Brian and Kim
Davies of London
are looking after the
financial interests
of Gary and Susan
McNaughton and
three generations of
the McNaughton
family.*

A world of opportunity

Since 1926, Investors Group has brought together a strong combination of one-to-one personal financial planning, lasting client relationships and lifelong investing.

In that time, we have grown to become Canada's leading personal financial services organization, with more than 1 million clients and over 3,400 Consultants in virtually every community in Canada. ¶ We have seen many changes over the years, and

Investors Group has evolved and adapted to meet the changing financial needs of our clients. In 1995, we launched *A Whole New World* – offering a full selection of financial products and services, including our partner funds, insurance, mortgages, securities and online services. ¶ Two years later, we assisted our sister-company

Great-West Life in the acquisition of London Life, and subsequently formed Scudder Maxxum Co. to expand our investment management and distribution capabilities.

¶ In 2000, Investors Group entered into a venture with the Canadian Imperial Bank of Commerce to provide full banking and brokerage services to our clients.


This agreement provides unparalleled online, ABM and 1-800 access combined with the personal advice and service of our Investors Group Consultants.

¶ We have also expanded into managed assets, launching *iProfile™*, arguably Canada's best managed asset program along with *1World™*, Investors Group's new multi-manager investment program. ¶ Early in 2001, we took another step forward with our proposed acquisition of Mackenzie Financial Corporation.

With over \$85 billion in combined assets and more than 2 million clients across Canada, Investors Group will be well-positioned to rise to the competitive challenges of the future. ¶ For Investors Group, it has been 75 years of making history, and we will continue to make history by staying focused on what has set us apart from the beginning – by offering unparalleled financial advice and service to Canadians.

"Investors Group has evolved and adapted to meet the changing financial needs of our clients"

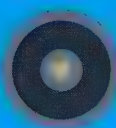
75 YEARS MARK



*Investors Group
celebrates our first
75 years through the
people and events
that have made us
a leader in Canada.*

N G H I S T O R Y

ES:
HIP



26

31

41

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64

86

1926

INVESTORS SYNDICATE INC. PIONEERS THE CONCEPT OF FINANCIAL PLANNING IN CANADA AND OPENS ITS FIRST OFFICE IN VANCOUVER.

1930

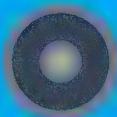
"Leadership is won by ordinary men and women with more than ordinary determination, who keep everlastingly at it."

— T.O. Peterson

Theodore (Ted) O. Peterson starts his career in Regina as a Consultant, and becomes the Company's first President in 1946, a position he held for the next 20 years.

7 5 Y E A R S M A K

MILESTONES: LEADERSHIP



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1940

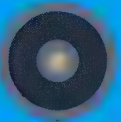
INVESTORS SYNDICATE OF CANADA, LIMITED IS INCORPORATED IN WINNIPEG WITH 13 OFFICES IN SEVEN PROVINCES AND \$250,000 IN ASSETS.

1938

Through the years, Investors Group has encouraged Canadians to invest regularly. From dollar-cost averaging in the 1950s to the Personal Financial Review in the 70s, then "Managing for Capital Growth" in the 80s and 90s, Investors Group has led the way in personal financial planning.

ING HISTORY

TONES:
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20 41 49 64 69 86

1941

INVESTORS SYNDICATE'S FIRST CANADIAN PRODUCT, THE SERIES ONE INSTALLMENT CERTIFICATE, IS LAUNCHED WITH A 15-YEAR TERM AND A 3.6% GUARANTEED RETURN.

1936

The
INVESTOR
JANUARY, 1985

Harold:

...e's my yearly \$500.00
...eque. Put it to work
...ause I want to be a "rich
...old lady" someday. I can
...manage the "old" part,
...if you'll take care
...of the other.

Sincerely,

A Satisfied Client

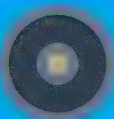


Harold Sinclair

(1913–2000) starts his career in Calgary and, 64 years later, becomes the longest-serving Consultant in Investors Group history. Harold's longevity can be attributed to his passion for financial planning: at age 82, he was teaching his colleagues how to use laptop computers.

75 YEARS MAK

MILESTONES: VALUES



49

64

69

86

1949

INVESTORS DIVERSIFIED SERVICES ESTABLISHED AS A HOLDING COMPANY FOR INVESTORS SYNDICATE AND THE COMPANY'S OTHER BUSINESS INTERESTS.

1981

Come build your future with us!

Professional career opportunities with Investors

Investors is growing! Our assets under administration have surpassed \$11 billion and our client base has expanded to 400,000 Canadians from coast to coast. In order to maintain our high service standards, we have created career opportunities in cities and communities across Canada for men and women who enjoy the financial planning process and who share our core values: quality, integrity and responsiveness.

If you or someone you know would like to explore the challenges and rewards of a financial planning career, contact:

âtissez votre avenir avec nous!

Investors offre des possibilités de faire carrière

Investors prend de l'expansion! Nous gerons un actif de plus de 11 milliards de dollars et nous complons maintenant une clientele de 400 000 Canadiens d'un océan à l'autre. Afin de maintenir nos normes de service élevées, nous avons cree des possibilités de carriere partout au Canada a l'intention des hommes et des femmes que la planification financière interesse et qui partagent les valeurs nous tenant à cœur, soit l'efficacité, l'intégrité et la célérité.

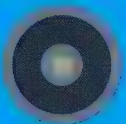
Si vous ou l'une de vos connaissances désirez explorer les possibilités qu'offre une carriere en planification financière, veuillez communiquer avec:

From the very beginning, Investors Group's strength has been its people. Today, we have more than 3,400 Consultants, drawn together by a unique financial planning ethic and an unwavering commitment to the over one million clients we serve in virtually every community in Canada.

IG Investors Group

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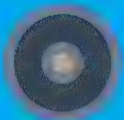
THE INVESTORS GROUP IS ESTABLISHED AS A HOLDING AND INVESTMENT MANAGEMENT COMPANY.

1950

Investors Mutual of Canada is launched as one of Canada's first mutual funds, establishing Investors Syndicate as a world-class investment management company. Clients like Lillian Joyce of Woodstock, Ontario used the proceeds from her successful Series One Certificate to buy shares in the new mutual fund.

75 YEARS MAK

MILESTONES: EVOLUTION



30 31 39 61 69 86

1969

POWER CORPORATION BECOMES THE MAJORITY SHAREHOLDER IN THE INVESTORS GROUP.



1956

best investment I ever made!

day for me when I invested in Investors Mutual. This made me part owner of more securities in widely diversified industries throughout

greatly increased my income. Investors Mutual and have dividend cheques every addition I have enjoyed

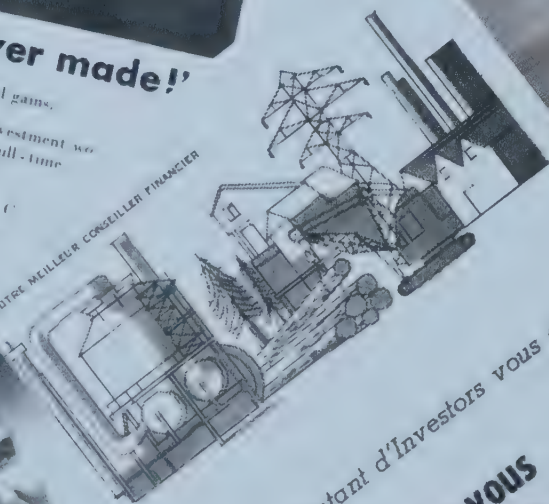
substantial capital gains.

Now, I have no investment worries to the expert, full-time Investors Mutual."

YOU can share in the prosperity by joining the fastest-growing investment see your representative

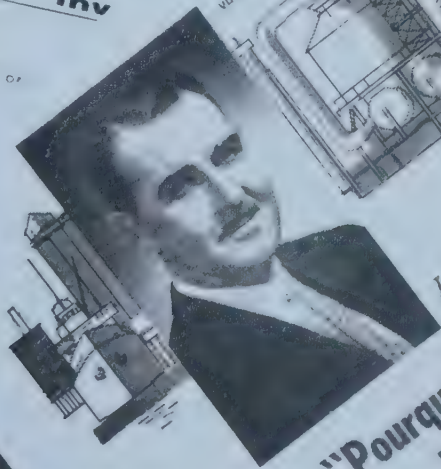
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VOTRE MEILLEUR CONSEILLER FINANCIER



Le représentant d'Investors vous dit:

"Pourquoi ne profiteriez-vous pas de la prospérité du Canada?"

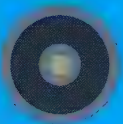


accumuler un capital garanti au cours d'un certain nombre d'années. Pour épargner de l'impôt au moyen d'un plan de retraite, Investors vous propose trois plans d'épargne d'impôt: (1) à versement fixe, à fonds d'actions, qui mûrit à l'âge de 65 ans; (2) à versement fixe et fonds d'actions; (3) à versement fixe et fonds d'actions. Pour connaître de plus en plus, contactez votre conseiller financier. INVESTORS SYNDICATE

At Investors Group, the world of investment management has always gone hand in hand with one-to-one personal financial planning. After breaking new ground with one of Canada's original mutual funds, Investors Syndicate also went on to develop some of the country's first Growth, International and Japanese funds.

N G H I S T O R Y

ONES:
UNITY



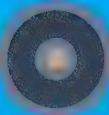
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1986

INVESTORS GROUP GOES PUBLIC WITH A \$54 MILLION INITIAL SHARE OFFERING.

1956

Robert and Frances Garland of Penticton have been Investors Group clients for 44 years, and their children, Grant and Sherill Nordal have followed that tradition. Eugene, and sons Todd and Toby Walsh provide each client with a unique financial solution that meets their individual needs.

MILESTONES:
OPPORTUNITY

1995

INVESTORS GROUP LAUNCHES "A WHOLE NEW WORLD," OFFERING CLIENTS ACCESS TO NEW PARTNER FUNDS, INSURANCE PRODUCTS, MORTGAGES AND SECURITIES IN ADDITION TO MUTUAL FUNDS AND GICs.

2001

Investors Group continues to make history with our new iProfile™ managed asset program and full banking, brokerage and Web-based services for clients – once again, building on the one-to-one advice and service that is the hallmark of Investors Group.



ING HISTORY



*A proud history.
A promising future.
Investors Group is
well-positioned to
become Canada's
leading wealth
creation and
management
company.*

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Forward-Looking Statements

This report includes forward-looking statements about objectives, strategies and expected financial results. These statements are inherently subject to risks and uncertainties beyond the

Corporation's control including, but not limited to, economic and financial conditions globally, regulatory developments in Canada and elsewhere, technological developments and competition. These and other factors may cause the Corporation's actual performance to differ materially from that contemplated by forward-looking statements, and the reader is therefore cautioned not to place undue reliance on these statements.

In recognition of Investors Group's 75th Anniversary in Canada, the pages in the Management's Discussion and Analysis have been watermarked with the 75 symbol. The historical link between watermarking and the financial industry runs deep in tradition. The idea of internally marking paper dates from 13th century Italy and was perfected in the form of watermarks in 17th century Holland. By the mid-18th century, the Bank of England began the practice of employing detailed watermarks in paper currency to prevent forgery, a practice that continues to this day with currencies around the world. Today, watermarks continue to be used to confirm the accuracy and authenticity of the watermarked document.

SALES

Mutual fund sales, insurance sales and securities operations reach record highs

- Record mutual fund sales of \$7.1 billion in 2000 were 19.3% above 1999 levels. Net sales in 2000 decreased by 28.8% to \$1.0 billion due to increased redemptions.
- Insurance sales, measured on the basis of annualized premiums, increased 5.8% in 2000 to a record \$26.6 million. At December 31, 2000, annualized premiums in force exceeded \$110 million.
- Investors Group Securities Inc. continued to experience significant increases in assets gathered during 2000. New assets of \$1.3 billion were generated through Investors Group Securities Inc., an increase of 40.7% from \$946 million in 1999.
- Mortgage originations were \$843 million, a 16.6% decrease from 1999 record levels. 85% of these originations were sourced with the assistance of our Consultants.

MUTUAL FUND ASSETS PER CONSULTANT

Mutual fund assets per Consultant increased 14.3% during 2000 and reached a record \$12.7 million

- Mutual fund assets per Consultant reached its highest level in the Corporation's history during 2000.
- This reflects the increase in the scope of products and services, the continued development of and enhancements to the Corporation's training process, and the utilization of sophisticated personal financial planning software to better assist Consultants in advising clients.
- Another critical factor in increasing assets per Consultant is the retention of experienced Consultants. During 2000 the number of Consultants with more than four years' experience remained steady and represented 58.5% of the consultant network, compared to 57.0% in 1999.

REVENUE GROWTH

Fee and investment income of \$1.2 billion at record levels and up 15% over 1999

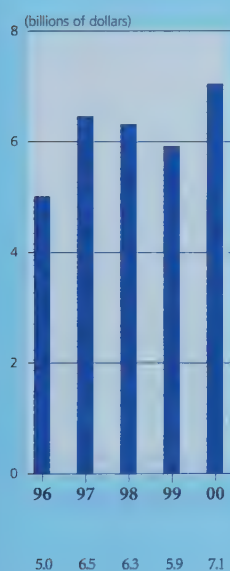
- Fee income is generated primarily from the management, administration and distribution of the Corporation's 100 mutual funds.
- Fee income surpassed \$1.0 billion in 2000 at \$1.076 billion, an increase of 14.6% over 1999 levels, and represents 88.4% of gross revenue. This increased level of fee income is the result of the Corporation's ability to increase the level of mutual fund assets under management. In 2000, average mutual fund assets under management increased \$5.3 billion, up 14.0% over 1999.
- Investment income totalled \$142 million or 11.6% of gross revenue. This represents an increase of \$21.4 million, up 17.8% over 1999.

EXPENSE MANAGEMENT

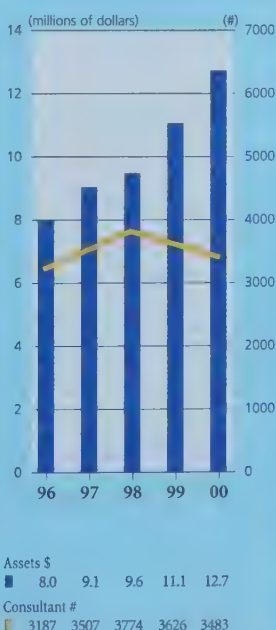
Non-distribution expense ratio showed continued improvement and declined to 28 basis points (bps) from 29 bps in 1999

- The Corporation controls its non-distribution expenses through the management of fixed costs, improved productivity and effective and continual investments in technology.
- Non-distribution costs have decreased significantly from 47 bps to 28 bps of average mutual fund assets under management over the latest five-year period.
- The target for non-distribution costs has been set at 20 bps of mutual fund assets under management.
- The Corporation's strategic plan also includes initiatives designed to increase the proportion of expenses which support distribution activities and Consultants. Currently, 56% of total expenses are related to distribution activities, up from 50% five years ago.

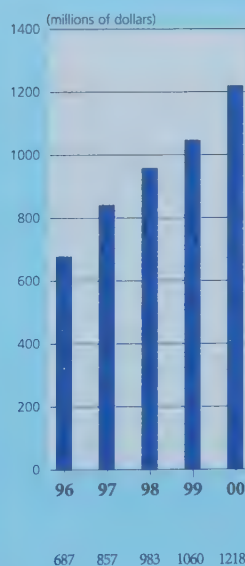
Mutual Fund Sales
For the financial year



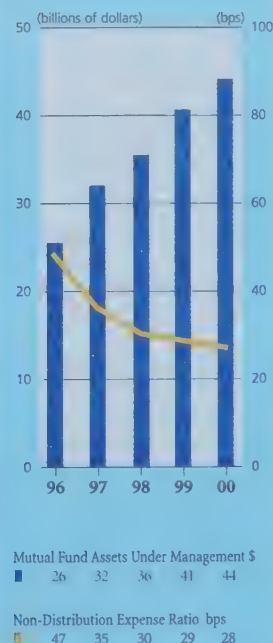
Mutual Fund Assets per Consultant
As at December 31



Gross Revenue
For the financial year



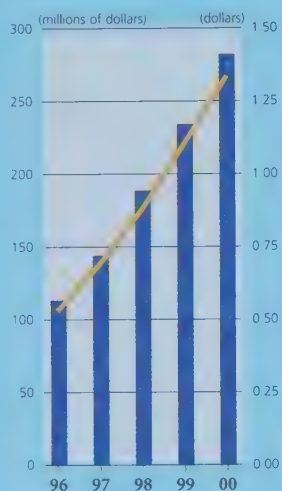
Non-Distribution Expense Ratio
For the financial year



COMPARISON OF 2000 WITH 1999

SUMMARY OF OPERATING RESULTS

Net Income and Earnings per Share
For the financial year



Earnings per Share	0.56	0.70	0.89	1.12	1.35
Net Income	117.5	147.5	188.3	235.6	284.0
Net Income Growth %	20.3	25.5	27.7	25.1	20.5

In 2000, Investors Group Inc. ("Investors Group") continued to experience growth in revenues and to effectively control expenses. The Corporation achieved record net income of \$284.0 million. This represents an increase of 20.5% from 1999 earnings of \$235.6 million. Earnings per share were \$1.35, up from \$1.12 in 1999.

Fee and investment income of \$1,218.4 million increased 14.9% over 1999. Operating expenses incurred in the earning of fee and investment income amounted to \$690.9 million, an increase from \$612.3 million in 1999.

These expenses (excluding commissions) as a percentage of average assets under management were 0.74% in 2000, consistent with 1999, reflecting Management's effective monitoring and control of expenses.

Shareholders' equity surpassed \$1 billion in 2000 and was \$1,096.3 million as at December 31, 2000, up from \$966.9 million at December 31, 1999. Return on average common equity was 28.1%, compared with 26.4% in 1999. The quarterly dividend per common share was increased to 16 cents (64 cents annually) during 2000.

THE FINANCIAL SERVICES ENVIRONMENT

During the past decade, the financial services industry has experienced considerable growth and substantial change. Some of the factors contributing to industry growth are:

- Changes in investment habits.
- Increasing ease of investment in capital markets.
- Greater knowledge and understanding of investment products among the general public.
- Shifting demographics – the move of the baby boom generation into peak saving and investing years.

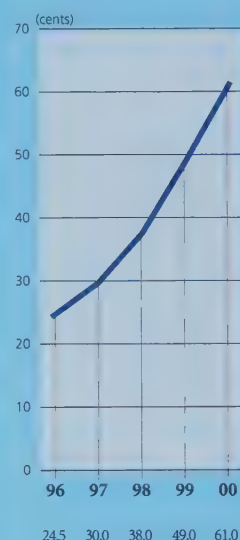
Increased competition and deregulation

A changing and expanding marketplace has brought a substantial increase in competition. Domestic and foreign service providers, including banks, financial planners, investment dealers, insurance companies and others, are seeking to provide a comprehensive range of services. In addition, the nature of these services is shifting. Several years ago, the industry was focused on offering single, distinct products to clients. Today, in response to the broadening of clients' needs and their increasing sophistication, products and services are more integrated, and are designed to meet clients' overall financial requirements.

Industry deregulation has allowed market participants to compete in related industries within the financial services sector. In addition to expanding the array of products and services that companies can offer, deregulation has enabled companies to broaden their delivery channels to attract clients.

Investors Group has successfully responded to these trends, enhancing its comprehensive financial planning approach by:

Dividends per Share
For the financial year



- Expanding its offering of financial products and services to include mortgages, insurance, securities and other customized financial products and services that complement the Corporation's managed investment products. This expansion will also include the provision of comprehensive consumer banking and enhanced brokerage services to its clients based on an alliance with the Canadian Imperial Bank of Commerce ("CIBC").
- Redesigning its Consultant training program in response to the increase in the complexity and number of financial products and services.
- Implementing sophisticated financial planning tools and asset allocation services to assist Consultants in providing clients with sound personal financial advice.
- Improving the level of service and support provided to clients and Consultants.

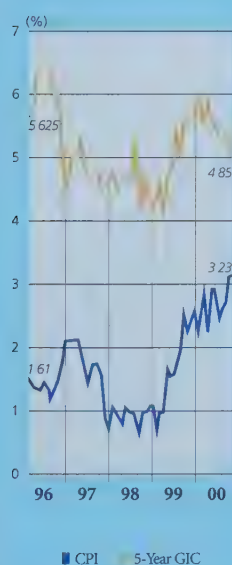
Growth of mutual funds

The mutual fund market has grown substantially over the past decade and has continued to assume a more prominent role in

the financial services industry. During 2000, assets under administration for the industry increased by \$29.2 billion to \$418.9 billion. This rate of growth primarily reflects the significant improvement in net sales, which accounted for almost 80% of the increase in assets during 2000. The impact of market performance, while contributing to asset growth during the year, declined from the level achieved in 1999 with most major markets ending the year below or only marginally above their 1999 close.

Decline in the 5-Year GIC Rate

Month end rate



Most analysts predict that the industry's long-term growth will continue in an environment of relatively low interest rates and low inflation. They estimate that industry growth will average between 10% to 15% annually over the next five years. Factors contributing to the long-term growth in mutual fund assets include:

- A continuing environment of low interest rates.
- Demographic changes resulting in more individuals focusing on saving and investing.
- A growing number of financial services companies providing mutual funds to consumers.
- The globalization of capital markets.

In 2000, industry sales of mutual funds increased 12.8% to a record \$132.6 billion from \$117.6 billion in 1999. Sales in 2000 were robust throughout the year, which began with the strongest RRSP season that the industry has ever experienced. Redemptions for the year totalled \$109.9 billion, an increase of 10.1% over 1999. These factors combined to produce an increase of 28.1% in net sales of mutual funds in 2000. Net sales increased to \$22.7 billion from \$17.7 billion in 1999.

SALES RESULTS

Investors Group continued to experience record sales in 2000. The record levels of sales that were achieved for mutual funds, insurance and securities operations indicate the key role that a diversified product base can play in enhancing client relationships. The availability of a broad range of products provides Consultants with cross-selling opportunities and a means of diversifying the source of their income, especially important during periods of market volatility.

Mutual funds

Sales of Investors Group's mutual funds were the highest in the Corporation's history. Sales were strong throughout the year, which is encouraging considering that most markets declined in value during the last quarter of the year. Total sales in 2000 were \$7.1 billion. This represents a 19.3% increase from \$5.9 billion in sales in 1999, and compares favourably to an increase of

Table 1: Sales of Financial Products and Services

<i>(in thousands of dollars)</i>	2000	1999	Increase (Decrease)	Change
Mutual Funds				
Investors Master Series™				
Equity	\$ 2,434,513	\$ 2,145,399	\$ 289,114	13.5 %
Balanced	1,054,929	847,900	207,029	24.4
Fixed income	297,329	752,104	(454,775)	(60.5)
Money market	1,158,990	1,070,455	88,535	8.3
	4,945,761	4,815,858	129,903	2.7
Partner funds				
Equity	891,171	284,091	607,080	213.7
Balanced	95,394	233,450	(138,056)	(59.1)
Fixed income	34,472	107,051	(72,579)	(67.8)
	1,021,037	624,592	396,445	63.5
Scudder/MAXXUM funds				
Equity	819,134	292,150	526,984	180.4
Balanced	98,307	29,519	68,788	233.0
Fixed income	54,135	80,650	(26,515)	(32.9)
Money market	114,709	71,761	42,948	59.8
	1,086,285	474,080	612,205	129.1
Sales	7,053,083	5,914,530	1,138,553	19.3
Redemptions	6,077,445	4,544,590	1,532,855	33.7
Net sales	\$ 975,638	\$ 1,369,940	\$ (394,302)	(28.8)%
Securities operations	\$ 1,331,005	\$ 946,044	\$ 384,961	40.7 %
Mortgage originations	\$ 843,166	\$ 1,010,889	\$ (167,723)	(16.6)%
Deposits	\$ 105,455	\$ 87,014	\$ 18,441	21.2 %
Insurance (annualized premiums)	\$ 26,550	\$ 25,099	\$ 1,451	5.8 %

12.8% for the industry. Excluding the sales of money market funds, Investors Group's mutual funds sales increased 21.1%, which was comparable to the industry.

Investors Group's sales mix shifted during 2000. This shift reflected greater demand for equity investments, both foreign and domestic, which represented 59% of sales for the year compared to 46% in 1999. Sales of international equity and North American equity funds increased by 68% and 43%

respectively while fixed-income fund sales decreased 59% in 2000. Sales of balanced and money market funds continued to experience growth as each increased by 12%, with their share of sales remaining relatively constant at 18% compared with 1999.

Mutual fund redemptions totalled \$6.1 billion in 2000 as compared to \$4.5 billion in 1999, an increase of 33.7%. The rate of increase in redemptions was highest in the first half of the year and resulted in the Corporation's redemption rate

increasing to 13.9% at June 30, 2000 from 11.9% at the end of 1999. However, during the second half of the year, the Corporation's redemption rate remained constant and ended the year at 14.0%.

As a result, net sales of mutual funds in 2000 were \$1.0 billion as compared with \$1.4 billion in 1999. This represents a decrease of 28.8% from 1999 levels.

Insurance

During 2000, Investors Group recorded the highest level of insurance product sales in the Corporation's history. Sales of insurance products, measured on the basis of annualized premiums, increased 5.8% to \$26.6 million.

Securities operations

Investors Group Securities Inc., the Corporation's securities operation, experienced a significant increase in external assets gathered during 2000. New assets of \$1.3 billion were generated through Investors Group Securities Inc., an increase of 40.7% from \$946 million in 1999.

Mortgages

Mortgage originations in 2000 were \$843 million compared to \$1.0 billion in 1999 reflecting market conditions during the year.

REVIEW OF THE BUSINESS

Investors Group's core business is to provide a comprehensive array of personal wealth creation and financial planning services to Canadians. Through the Corporation's network of highly trained and well-supported Consultants, Investors Group offers a comprehensive package of

financial planning services and products. Consultants work personally with clients to review financial objectives and develop plans for achieving financial goals. To implement these plans, Consultants introduce clients to a complete package of products and services. These include mutual funds, insurance, securities services, mortgages, guaranteed investment certificates, annuities and loans for registered investments.

Investors Group continues to look for ways to broaden its reach in the Canadian marketplace. Through a co-venture with CIBC, Investors Group will soon be complementing its diverse product shelf of investment, insurance, mortgage and other financial management products with a complete range of personal banking services. When available, these services will

Client Relationships

Our business is based on long-term relationships built upon sound financial planning principles.

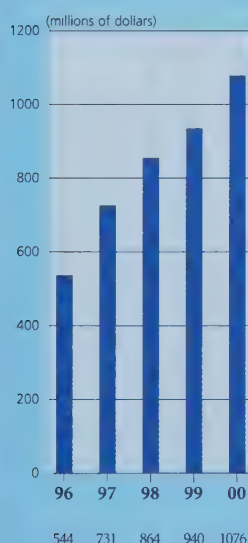


include deposit accounts, debit cards, credit cards, loans, chequing and bill payment services, plus an extended range of brokerage products and services such as improved trade execution, new equity and fixed income issues, as well as research and online capabilities. The new banking products and services will be available through the Corporation's network of Consultants as well as through ABMs, Internet and 1-800 access.

The Corporation earns revenue primarily from management fees for advising and managing its mutual funds, fees charged to its mutual funds for administrative and trustee services and distribution fees charged to account holders for the distribution of its mutual funds by Investors Group's Consultants. Revenue is also earned from the distribution of insurance products and securities services. Additional revenue is derived from investment certificate operations, mortgage operations and providing administrative services to other parties.

Fee Income

For the financial year



Investors Group's revenues depend largely on the value and composition of assets under management. Fluctuations in financial markets can affect revenues and operating results. By offering a broad range of products and services to meet the varied needs and objectives of individual clients, Management believes that the base of assets under management is secure. Investors Group's primary distribution system of qualified Consultants, combined with a financial planning approach that emphasizes long-term, conservative investment goals, will assist the Corporation in withstanding any downward pressure on revenue caused by market volatility. The effectiveness of this approach has been demonstrated by consistent levels of sales and by redemption rates for the Corporation's mutual funds that are among the lowest in the industry.

CORPORATE STRATEGY

Investors Group continually reviews its corporate strategy to ensure that it is appropriate for both the current financial services environment and any anticipated changes that would affect the industry. The Corporation strives to ensure that the interests of shareholders, clients, Consultants and employees are as closely aligned as possible.

Investor Group's business model embraces these current trends in the Canadian wealth management industry:

1. Canadians continue to reconfigure their household balance sheet towards managed long-term financial assets.
2. Consumers continue to rationalize the number of relationships they maintain with providers of financial services and products.
3. It is becoming increasingly important to ensure sustainable access to distribution channels particularly as Distributors and Manufacturers continue to adopt the integrated financial services model.
4. Technology is changing the landscape of the financial services industry.

As a result of these trends, Investors Group's strategic plan focuses on four key themes:

1. Emphasizing the delivery of financial planning advice, products and services through a growing, dedicated network of highly trained and well-supported professional Consultants.
2. Extending the diversity and range of products offered by Investors Group – with a particular focus on enhancing the quality of managed asset products – to continue to compete effectively by meeting the changing needs of the Corporation's broad spectrum of clients.
3. Maximizing returns on business investment by:
 - Capitalizing on economies of scale through its relationships with Great-West Lifeco Inc. and London Insurance Group Inc.
 - Controlling expenditures – the target for non-distribution costs is 20 bps of mutual fund assets under management.
 - Focusing resources on initiatives that have direct benefits for clients and Consultants; the objective is to increase the proportion of expenses that support distribution activities from the current level of 56%.
4. Effectively leveraging the Corporation's mutual fund manufacturing capabilities to gain access to other distribution channels.

CORE BUSINESS

Consultants

Investors Group distinguishes itself from the competition through its distribution network of highly knowledgeable and professional Consultants who are associated with 102 financial planning centres located across Canada. Consultants meet regularly with clients to develop and review their personal financial plans and provide high levels of ongoing service. These plans are based on an 'asset allocation' investment philosophy that allows Consultants to choose from a complete and diverse product shelf – which includes investment options ranging from conservative to aggressive – to develop portfolios that fit the specific needs of individual clients.

Even in the volatile market conditions and difficult recruiting environment that characterized much of 2000, Investors Group attracted and retained high-quality Consultants by offering:

- Extensive training to ensure Consultants are knowledgeable in all aspects of personal financial planning.
- A full and expanding product shelf of products and services to fully meet the financial planning needs of individual clients.
- State-of-the-art computer and Web-based support for timely personal and online client service.
- Financial planning assistance and services to make Consultants more productive.
- Attractive compensation and recognition programs that encourage the retention of clients and client assets.

In 2000, Investors Group continued the redesign of its Consultant compensation, recognition and training programs. These programs have been re-aligned to meet the key strategic objectives of client service, the continued growth of a highly productive Consultant network and asset retention. Compensation for Consultants is designed to encourage professionalism and client service by emphasizing a tiered compensation system based on asset amounts and productivity. The Corporation expects that these initiatives will ensure that Investors Group remains competitive in the marketplace.

Recruiting and retention

Investors Group is recognized throughout the financial services industry for the quality of its Consultants. There is constant pressure on the Corporation to retain Consultants and to respond to the recruiting initiatives of other organizations. Management believes that it has effectively responded to these challenges by revising compensation levels, increasing training and support and broadening the scope of products and services to develop an attractive platform for Consultants. Investors Group is confident that it will continue to attract and retain highly qualified professionals as it further enhances the quality and scope of its offer to Consultants.

Changes in Investors Group recruiting practices in recent years have continued to emphasize the hiring of top-quality candidates. The Corporation is extremely selective, seeking individuals with backgrounds in financial services or in related industries and professions. The background and skills of these individuals significantly increase the likelihood that they can develop successful relationships with clients. This approach is yielding positive results. While fewer Consultants are being recruited, those joining Investors Group are enjoying greater success.

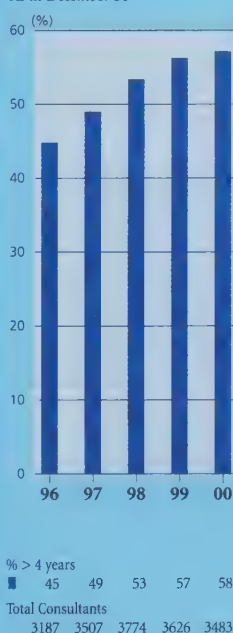
At the end of 2000, Investors Group counted 3,483 Consultants in its network – still the largest network of Consultants in Canada but a decrease from 3,626 a year earlier, primarily because of the more difficult environment in which to attract qualified recruits. The percentage of Consultants with more than four years experience continued to increase, climbing to 58.5% from 57.0% a year earlier. This measure indicates growth in the proportion of Consultants who have successfully established themselves with Investors Group.

Training

The Corporation's training programs continue to evolve to meet the changing needs of clients and Consultants. This is in response to the increasing complexity and number of financial products and services available, as well as to the introduction of more sophisticated financial planning techniques. During 2000, the Corporation implemented a redesigned Consultant training program designed to ensure an extremely professional, highly competitive Consultant network.

**Consultants with
> 4 years with
Investors Group**

As at December 31



Consultants begin their career with Investors Group by attending the new *Career Training 1* program, which involves 10 weeks of full-time, dedicated study in all aspects of personal financial planning. *Career Training 1* has been accredited by The Canadian Institute of Financial Planning as the equivalent of the first course of the Certified Financial Planner (CFP) accreditation program.

In April 2000, the Corporation launched *Career Training 2*. Consultants attend this program approximately nine months after they complete *Career Training 1* to further develop their skills as financial planners. In its first year of implementation, *Career Training 2* was deemed very successful by the many Consultants who have acknowledged a significant impact on building their business and expertise as a result of the skills and knowledge obtained in this program.

In order to meet the industry trend toward a more team-oriented approach to financial planning, Investors Group has already begun a Team Training Program that will be further developed through 2001. Ongoing training and development is also provided by Regional Directors, Associate Regional Directors and local training consultants.

Advanced training will continue to be provided by the Investors Group Institute. The ongoing development of the Institute demonstrates Management's continued emphasis on the importance of highly trained financial Consultants. To further enhance training in financial planning, the Institute has established relationships with Laval University and other providers of financial education.

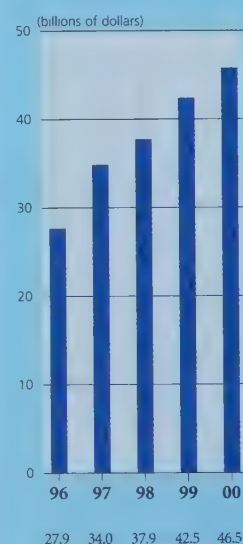
Investors Group fully supports ongoing initiatives by the financial services industry to introduce uniform qualification requirements for use of the "financial planner" designation and enhanced levels of training for financial planners. In anticipation of this, the Corporation now requires that all new Consultants achieve their CFP designation, or the equivalent in the province of Quebec, by the end of their fifth year with Investors Group.

Productivity

Investors Group continues to emphasize the importance of Consultant productivity and client service through a number of corporate initiatives. During the year, the Corporation:

- Enhanced Investors Group Advantage™Plus, the Corporation's private Web site exclusive to the Consultant Network. Investors Group Advantage™Plus provides secure access to product and market information, mutual fund prices and rates, financial planning reference material, marketing tools and calendars, client statements and Investors Group Securities Inc. client information. During 2000, online Order Entry was added to Investors Group Advantage™Plus in a number of regional offices. This productivity and service enhancement will be fully rolled-out in 2001.
- Introduced a refreshed publicly accessible Web site offering product and financial planning information and Web pages for individual Consultants. Through Investors Group Advantage™Plus, Consultants are able to create and customize their own Web pages – thus increasing value and service to current and potential clients.
- Continued to increase the number of Associate Consultants who assist experienced Consultants in providing services to their client base.
- Continued the development of Consultant Assistants. While Consultant Assistants do not participate in the actual business and advisory processes, they contribute to Consultant productivity by performing a number of administrative and client-related tasks.
- Began to link teams of Consultants and their assistants and associates through local networks to enhance team efficiency and effectiveness.

Assets Under Management
As at December 31



Products and services

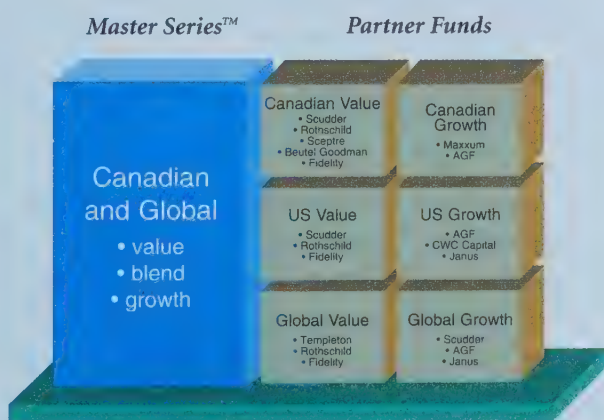
One of Investors Group's major objectives is to provide clients with an extensive range of financial products and services to help them achieve their financial goals. Over the past several years, the Corporation has made many strategic additions to its product shelf to enable Investors Group Consultants to deliver a well-tailored asset allocation solution that meets the individual portfolio and investment needs of each client.

Mutual funds

The Corporation is committed to enhancing the scope and diversity of investment products for its clients thereby ensuring Investors Group Consultants have a complete product offering to help clients create comprehensive financial plans. During the past five years, 47 new funds have been offered to Investors Group clients, attracting a total of \$10.8 billion in assets.

In 2000, the Corporation developed and designed a new pricing option on its mutual funds allowing clients greater flexibility in their financial planning. With the addition of the no-load mutual fund pricing option which became available January 1, 2001, clients with greater than \$100,000 in aggregated Investors Group mutual fund assets can elect to invest under this new option.

Enhanced Product Shelf



- Investment Management is diversified by style, manager and brand.
- Advisors to the Master Series™ funds include AIB Govett Asset Management Limited, YMG Capital Management Inc. and Murray Johnstone International Limited.

Investment management

Investors Group is the largest mutual fund manager in Canada. The Corporation has in excess of \$44 billion in mutual fund assets under management in 100 mutual funds that cover a full range of mandates, styles and geographic focuses. Investors Group's investment management function has been instrumental in ensuring adherence to one of the basic tenets of the Corporation's financial planning philosophy: to encourage clients to invest and to allocate their assets among diverse investments for increased longer-term returns.

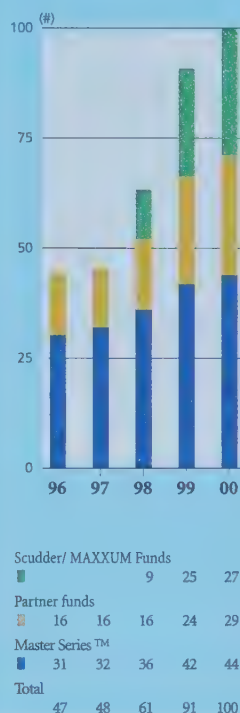
Exposure to different investment advisory services and investment management styles can further diversify client portfolios. Through relationships with external investment advisors, in the form of 29 partner funds, Investors Group provides clients with access to a range of investment advisory services and investment management styles.

Investors Master Series™ Funds

Investors Master Series™ funds are managed by a multi-disciplinary team of investment professionals strategically located around the world. With operations in Winnipeg, Toronto, Montreal, Dublin and Hong Kong, and advisors in Glasgow and London, Investors Group has the global reach with local insight necessary for sound investment decisions.

Through Investors Master Series™ funds, clients have access to a diverse selection of exclusive, proprietary mutual funds. This family of funds includes money market, fixed income, balanced, domestic equity, international equity and specialty funds. With 44 Investors Master Series™ mutual funds to choose from, clients can take advantage of the opportunity to

Number of Mutual Funds
As at December 31



diversify their holdings across strategic asset categories, investment styles, levels of market capitalization and geography.

The Corporation continued to enhance its global investment capabilities in 2000 by opening new offices in Hong Kong and Toronto. In addition, two new Master Series™ funds were added to the product shelf. Investors European Mid-Cap Growth Fund is for investors seeking long-term growth through investing in mid-size and small capitalization European companies. Investors Global e.Commerce Fund is aimed at generating long-term capital appreciation by investing in companies that have an interest in the development of Internet and electronic commerce applications.

Investors Master Series™ mutual fund assets totalled \$36.9 billion at December 31, 2000 and represented 82.9% of the total Investors Group mutual fund assets under management. Further, at year-end, close to 80% of the assets in Master Series™ funds achieved first or second quartile rankings for one-year performance. Investors Group's investment management team is committed to helping clients achieve their investment goals: preserving capital, realizing growth, moderating risk, and maximizing rewards.

Partner Funds

Over the years, an important element of Investors Group's strategic mutual fund expansion has been the introduction of a number of new proprietary funds offering a range of investment advisory services through relationships with other investment management firms. With a range of management styles from which to choose, clients are able to meet their objectives within the Corporation's offering of funds.

During 2000, Investors Group once again expanded the range of investment advisory services it offers by entering into an agreement with Fidelity Investments Canada Limited to develop a series of mutual funds. This partnership has already added four new funds to the Investors Group product shelf with more expected in 2001, backed by Fidelity's global network and research-intensive investment process. Through the Corporation's alliance with Scudder Canada Investor Services Ltd., clients had access to the internationally recognized investment management expertise of Scudder Kemper Investments, Inc., the global investment arm of Zurich Financial

Services Group, and to MAXXUM Fund Management Inc. MAXXUM Fund Management Inc. also provides exclusive access in Canada to the management expertise of U.S. investment manager Janus Capital Corporation.

In addition, the Corporation continued its relationships with highly regarded investment managers Templeton Management Limited and AGF Funds Inc., along with Rothschild Asset Management Limited, Sceptre Investment Counsel Limited and Beutel, Goodman & Company, Ltd. – firms that have been providing investment advisory services to partner funds since 1996.

Investors Group's investment management function oversees external advisors and ensures that their activities are consistent with the Corporation's investment philosophy and with fund investment objectives and strategies.

At December 31, 2000, partner funds accounted for 11.7% of Investors Group's mutual fund assets under management. The Corporation plans to examine additional opportunities for new relationships with external parties.

Managed Asset and Multi-Manager Investment Programs

Through its managed asset and multi-manager offerings, Investors Group gives its clients access to a growing selection of asset allocation opportunities directed by the world's leading money-management firms.

In 2001, the Corporation will further increase its offering to clients with the addition of:

- *iProfile™* – a managed asset program that offers diversified, risk-controlled asset allocation geared specifically to the high net worth investor. Along with I.G. Investment Management, Ltd., *iProfile™* investments are directed by other world-leading international money-management firms such as Goldman Sachs Funds Management L.P., Sanford C. Bernstein & Co., LLC, Provident Investment Counsel Inc. and Jarislowsky Fraser Limited.



- **1World™** – a program of multi-manager funds for clients seeking a simplified, one-step solution to their investments. Each 1World™ portfolio offers strategic asset allocation and diversification across asset class, geography and investment style. In conjunction with I.G. Investment Management, Ltd., the portfolios are advised by such respected investment management companies as Janus Capital Corporation, AGF Funds Inc., and Templeton Management Limited.

Segregated funds

Sales of segregated funds have experienced substantial growth in Canada over the past several years because they offer a guarantee related to all or a portion of the capital invested. A segregated fund is technically an insurance product, although it has many characteristics similar to mutual funds. To address this growing market, the Corporation offers eight segregated funds that are distributed solely by Investors Group Consultants. These funds offer two levels of guarantees – 75% and 100% of the principal invested. The investment component of these products is managed by Investors Group while the insurance component is underwritten by The Great-West Life Assurance Company.

Insurance

Investors Group views insurance as a core financial product for providing security and protection as part of a client's overall financial plan. Through its arrangements with leading insurance companies, Investors Group offers a comprehensive range of term, universal life, whole life, disability and group insurance. I.G. Insurance Services Inc. currently has distribution agreements with:

- The Great-West Life Assurance Company
- The Canada Life Assurance Company
- The Maritime Life Assurance Company
- Sun Life Assurance Company of Canada

The Corporation has offered insurance products for several years and continues to seek opportunities to expand the scope of insurance products available to Investors Group clients.

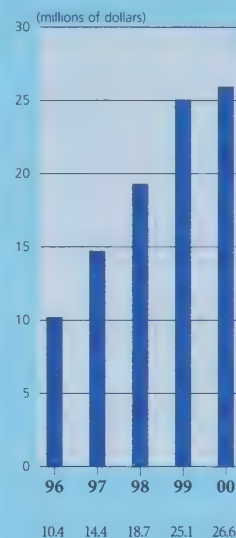
New policies sold and total face amount of insurance in force increased during 2000. The average number of policies sold per Consultant was 7.2, the same as in 1999. The number of Consultants who maintained insurance licenses increased to 92% of the Consultant Network in 2000 compared to 88% in 1999. Distribution of insurance products is enhanced through 42 insurance specialists. Located in regional offices, these specialists assist Consultants with the selection of appropriate insurance solutions for clients.

Investors Group views insurance as a key aspect of the Corporation's distribution business that continues to demonstrate significant growth and potential for the future.

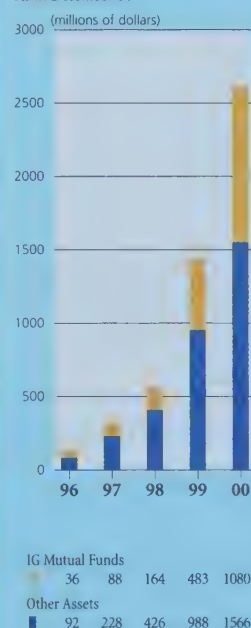
Securities operations

Self-directed retirement savings plans and registered income funds, as well as Canadian or U.S. dollar investments in non-registered cash accounts, are important components in the financial plans of many clients. These products and services provide an opportunity for clients to take full advantage of the advice and services of Investors Group Consultants and Investors Group Securities Inc. specialists.

Insurance Sales
For the financial year



Investors Group Securities Inc. Assets under Administration
As at December 31



Investors Group Securities Inc. is an investment dealer registered in all provinces and territories providing securities services to clients seeking a broad product shelf in combination with financial and investment planning. The provision of additional advisory services through the growing national network of securities specialists was a key objective achieved in 2000. Investors Group Consultants can refer high net worth clients to one of the 24 securities specialists available through Investors Group Securities Inc.

During 2000, assets under administration in Investors Group Securities Inc. grew by 80% to reach \$2.6 billion. The number of clients using this service continued to grow – over 38,000 clients used Investors Group Securities Inc. in 2000, an increase of 69% over 1999. By year-end, nearly 90% of Consultants had clients who maintained accounts with Investors Group Securities Inc. – an increase from 83% in the prior year.

With the growing interest in the ability of the securities operation to assist Investors Group Consultants in the consolidation of client assets to provide a holistic financial planning service, Management also undertook a review of its brokerage platform/infrastructure.

The Corporation's venture with CIBC provides the opportunity to build enhanced brokerage services capabilities in a very timely manner as well as the opportunity to provide comprehensive banking services to its clients.

Management believes that by successfully developing and enhancing the operation of Investors Group Securities Inc. it will continue to attract and retain high quality Consultants, deepen relationships with clients and appeal to a growing segment of sophisticated and knowledgeable investors.

Mortgages

Investors Group views residential mortgages as an important financial product and an integral part of a personal financial plan. By offering this product, the Corporation assists Consultants in strengthening their relationships with clients.

The Corporation's Consultants are an important source of high-quality mortgage investments. Through their close

involvement in the development of clients' financial strategies, Consultants are able to refer clients to Investors Group mortgage specialists. Investors Group currently employs 63 specialists who originate mortgages in key residential markets.

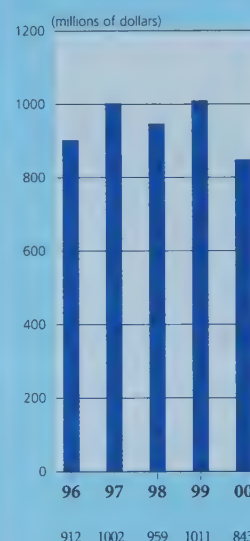
Evidence of the success of this approach is the significant proportion of residential mortgages originating from the Corporation's existing client base and the improvement in impaired loans in both Corporate and fund portfolios.

During 2000, the Corporation sourced new mortgages with a total value of \$843 million. The proportion of residential mortgages sourced with the assistance of Consultants remained steady at 85%. While most of these new mortgages were sold to third parties through Investors Group's mortgage banking operation, the servicing of these mortgages will continue to be provided by the Corporation.

Investors Group mortgage operations also provide both origination and servicing to:

- Investors Mortgage Fund, which, because of its size, requires a steady stream of high-quality mortgages.
- Investors Group Trust Co. Ltd. and The Trust Company of London Life, both subsidiaries of the Corporation.
- Investors Syndicate Limited, an investment certificate subsidiary.
- London Life Insurance Company and The Great-West Life Assurance Company.

Mortgage Originations
For the financial year



Additional products and services

Investors Group continues to provide its clients with guaranteed investment certificates offered by Investors Group Trust Co. Ltd. and a range of other financial institutions. Other products and services offered include annuities and loans for registered investments.

Significant developments**Canadian Imperial Bank of Commerce**

During 2000, Investors Group and its affiliates, Great-West Life and London Life, opened new avenues for growth and client service through a joint initiative with the Canadian Imperial Bank of Commerce (CIBC). Under this exclusive, long-term agreement, Investors Group will distribute corporate branded banking and brokerage services through its Consultant Network. This service will be complemented by a telephone support centre, personalized Internet banking and CIBC's network of 4,300 ABMs. This agreement augments substantially the range of financial services that Consultants are able to offer clients while, at the same time, providing a high level of banking convenience. When available, the full range of financial services will include deposit accounts, debit cards, credit cards, loans, chequing and bill payment services, an expanded range of brokerage products and services as well as research and online capabilities. It is expected that this comprehensive and balanced new offering will assist in attracting new clients and improve client retention, as well as add to the Corporation's offering of financial solutions tailored to each client's unique needs.

Mackenzie Financial Corporation

On January 26, 2001, the Corporation entered into a definitive agreement with Mackenzie Financial Corporation ("Mackenzie") under which it will offer to acquire all of the shares of Mackenzie for a total consideration of \$4.149 billion, or \$30.00 per share. The total consideration is payable in a combination of cash and common shares of the Corporation based on an exchange ratio of 1.2 of the Corporation's shares for each Mackenzie share, being an issue price of \$25.00 per share or in any combination thereof subject to a maximum cash consideration of \$3.181 billion and a maximum of 38,720,011 shares of the Corporation.

The transaction is expected to be financed as follows:
(\$ millions)

Cash	\$ 1,303
Issue of common shares	368
Issue of long-term debt and preferred shares	<u>1,510</u>
Cash consideration	3,181
Value of share exchange	<u>968</u>
Total consideration	<u>\$ 4,149</u>

Subject to regulatory approval and acceptance by Mackenzie shareholders, the transaction is expected to be completed in the second quarter of 2001.

Cost and service improvements

Through effective cost control, leveraging technology and capitalizing on economies of scale, Investors Group has been able to reduce costs and improve the quality of service provided to clients and Consultants.

Technology and related improvements in recent years include:

- Providing the entire Consultant Network with laptop computers featuring Investors Group Advantage™Plus. Investors Group Advantage™Plus is a service that provides Consultants with exclusive Web site access to product information and current client statements on a timely basis.
- Continuing development of financial planning software to support Consultants in providing financial solutions to clients.
- Centralizing of the mortgage servicing function in the Corporation's head office.
- Automation of mortgage application processing.

In order to maintain a high level of client service while controlling operating expenses, Investors Group is continually upgrading its administrative services and client information systems.

During 2000, the Corporation continued to realize economies of scale by integrating certain functions common to Investors Group, The Great-West Life Assurance Company and London Insurance Group Inc. This involved the consolidation of:

- The Data Centre at a single location, overseen by a common management team. This included the main-frame processors and data storage areas.
- The Consultant Automation Support Centre and the technical support centres for both employees and Consultants.
- Accounting services for certain mutual funds and segregated funds.

In addition, Investors Group has been able to negotiate more cost-effective arrangements with various suppliers as a result of its relationships with The Great-West Life Assurance Company and London Insurance Group Inc. Most notable in 2000 were the cost savings achieved through renegotiating our Wide Area Network contract that provides communication links connecting Head Office with our Regional Offices, and the consolidation of the majority of our high-volume print operations.

Investors Group also continued working with The Great-West Life Assurance Company and London Insurance Group Inc. to develop shared corporate systems for common functions such as order entry and compensation. The adoption of these common systems in key areas is expected to yield significant client service improvements and cost savings.

As part of this initiative, Investors Group has entered into an agreement with Spectra Securities Software Inc. to provide Web-based order entry management and information management software for consultants.

ALTERNATIVE CHANNELS

MAXXUM Fund Management Inc.

In 1998, Investors Group, through its subsidiary MAXXUM Fund Management Inc., acquired the MAXXUM Group of Funds from London Insurance Group Inc. This acquisition provided Investors Group with access to 2,700 sales representatives from London Insurance Group Inc. At the end of 2000, MAXXUM funds represented \$1.7 billion in assets under management.

MAXXUM Fund Management Inc. provides Investors Group with the exclusive rights for distribution in Canada of funds sub-advised by Janus Capital Corporation. MAXXUM American Equity Fund and MAXXUM Global Equity Fund were renamed early in 2000 to reflect the Janus name.

DISTRIBUTION CHANNELS									
Distribution Channels	Investors Group Consultants		London Life Salesforce		Full Service Brokers		Discount Brokers		Direct
Mutual Funds	Master Series™	44	Maxxum	7	Maxxum	7	Maxxum	7	Scudder 10
	Partners	29	Scudder	5	Scudder	9	Scudder	10	
			London Life	4	Janus	4	Janus	2	
			Janus	4					
			Templeton	2					
Other Products*	Insurance								
	Securities								
	Mortgages								
	GICs								
	Other Products								
Manufacturers	Investors Group		Maxxum Financial Services Co. & MAXXUM Fund Management Inc.						

* not all products are manufactured by Investors Group

Maxxum Financial Services Co.

In 1999, Investors Group was able to further advance its strategic objectives with the formation of Scudder Maxxum Co., a partnership created through the alliance of MAXXUM Fund Management Inc. and Scudder Canada Investor Services Ltd. This partnership provided Investors Group with the opportunity to broaden the range of products offered to clients, achieve economies of scale, capitalize on its product manufacturing capabilities and gain access to other distribution channels including full-service and discount brokers, insurance companies and other financial intermediaries.

In 2000 the partnership began to benefit from the existing infrastructure available through Investors Group in areas such as finance, technology, compliance, administration and training. During the year:

- Fund administration and client service functions were repatriated from an outside vendor to Investors Group.
- Fund accounting activities were moved to Investors Group's Funds Financial Services group.
- Office desktops and software were upgraded to Investors Group's standards.

As well, the partnership expanded its wholesale network during 2000, adding eight wholesalers bringing the total number to 12 at the end of the year.

In December 2000, MAXXUM Fund Management Inc. purchased Scudder Canada Investor Services Ltd.'s interest in the Scudder Maxxum Co. partnership. Scudder Kemper Investments, Inc. will continue to provide advisory services on the 10 Scudder funds offered through the partnership. Scudder Maxxum Co. was renamed Maxxum Financial Services Co. early in 2001.

While this partnership provides access to other distribution channels, its priority remains to supply the sales force of London Insurance Group Inc. with a complete range of investment products.

Products

Through its subsidiary, MAXXUM Fund Management Inc. and Maxxum Financial Services Co., Investors Group provides 22 mutual funds for distribution by the sales force of London Insurance Group Inc. These include four funds advised by London Life Investment Management Ltd., two funds advised by Templeton Management Limited, seven MAXXUM funds, four funds advised by Janus Capital Corporation and five Scudder funds.

In addition, through Maxxum Financial Services Co., Investors Group provides seven MAXXUM funds, four funds advised by Janus Capital Corporation and 10 Scudder funds to other distribution channels, including independent financial planners, full-service and discount brokers, and other financial intermediaries.

At December 31, 2000 mutual funds distributed through alternative channels account for \$2.4 billion in assets. The Corporation intends to expand this aspect of its business and sees significant potential for growth.

REVIEW OF OPERATING RESULTS

REVENUE

Investors Group derives revenue from two principal sources: fee income and investment income.

Fee income

Fee income is generated from the management, administration and distribution of 73 Investors Master Series™ and partner mutual funds, plus the 27 mutual funds offered by MAXXUM Fund Management Inc. and

Fee and Investment Income
For the financial year

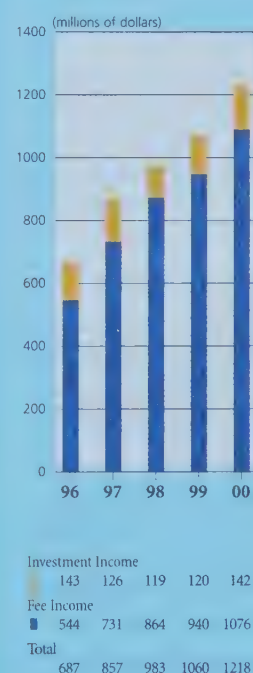


Table 2: Review of Fee Income

<i>(in thousands of dollars)</i>	2000	1999	Increase (Decrease)	Change
Management	\$ 824,130	\$ 724,115	\$ 100,015	13.8%
Administration	142,660	130,109	12,551	9.6
Distribution	109,704	85,432	24,272	28.4
Total fee income	\$ 1,076,494	\$ 939,656	\$ 136,838	14.6%

Maxxum Financial Services Co. The distribution of insurance products and the provision of securities services provides additional fee income.

Fee income represented 88.4% of gross revenue in 2000, compared with 88.6% in 1999. Total fee income rose by \$136.8 million to \$1,076.5 million, a 14.6% increase over 1999 results. This reflects the growth in average assets under management and the associated fee revenues.

To provide a stable level of fee income, the Corporation must continue to maintain high levels of assets under management. The level of assets under management is influenced by three factors: sales, redemption rates and investment management performance. Sales of the Corporation's mutual funds were at record levels in 2000 and its redemption rate for the year was 14.0%. Although the Corporation's redemption rate increased in 2000, it continues to be among the lowest in the industry. Investment management services provided reasonable capital returns in 2000, thereby maintaining high asset values.

Management fees

Investors Group earns management fees from services provided to the Corporation's mutual funds. Current annual fees for management services range from .65% to 2.5% of assets under management. During 2000, management fee revenue increased by \$100.0 million to reach \$824.1 million, an increase of 13.8%. This increase is a result of the growth in average mutual fund assets under management.

Administration fees

Investors Group earns administration fees for:

- Administrative services provided to the Corporation's mutual funds through its subsidiaries.
- Services as trustee for the Corporation's mutual funds, through Investors Group Trust Co. Ltd.

During 2000, Investors Group earned a total of \$142.7 million in administration fees as compared with \$130.1 million in 1999. Trustee fee revenue increased by 14.8%, to \$21.2 million from \$18.5 million in 1999. While average assets under management increased 14.0% during 2000, fees charged to the mutual funds for administrative services increased only 8.4% as a result of the Corporation's effective control of costs.

Distribution fees

Distribution fees are earned from:

- Redemption fees or back-end loads on mutual funds, excluding money market funds. These fees are payable on a declining percentage basis when clients redeem their funds within a certain time period. In most instances, front-end loads on the sale of mutual funds are no longer applicable.
- Distribution of insurance products through I.G. Insurance Services Inc.
- Provision of securities services through Investors Group Securities Inc.

During 2000, distribution fee income rose by \$24.3 million. This increase is largely a result of fee income earned from the distribution of insurance and brokerage products, which

Table 3: Mutual Fund Assets Under Management*(in thousands of dollars)*

(in thousands of dollars)	2000		1999	
Investors Master Series™				
Equity	\$ 20,949,558	47.1%	\$ 19,353,504	47.6%
Balanced	10,315,216	23.2	8,342,454	20.5
Fixed income	4,637,465	10.4	5,944,612	14.6
Money market	979,422	2.2	1,204,681	3.0
	36,881,661	82.9	34,845,251	85.7
Partner funds				
Equity	3,575,599	8.0	1,979,166	4.9
Balanced	1,408,518	3.2	1,730,138	4.3
Fixed income	240,644	0.5	289,135	0.7
	5,224,761	11.7	3,998,439	9.9
Scudder/MAXXUM funds				
Equity	1,819,263	4.1	1,305,408	3.2
Balanced	240,968	0.5	133,639	0.3
Fixed income	205,473	0.5	213,293	0.5
Money market	126,266	0.3	153,709	0.4
	2,391,970	5.4	1,806,049	4.4
	\$ 44,498,392	100.0%	\$ 40,649,739	100.0%

increased 30% during the year, as well as increased fee income resulting from redemption activity.

Investment income

Investors Group's investment income includes interest and dividends earned on cash and short-term investments, marketable securities and mortgage loans. It also includes gains and losses on the sale of securities, the Corporation's share of an affiliate's earnings as well as income related to mortgage banking activities.

Investment income totalled \$141.9 million in 2000 and represents 11.6% of gross revenue, compared with 11.4% in 1999.

Net investment income

The Corporation measures net investment income as the difference between investment income and interest expense. Interest expense is the interest on deposit liabilities, certificates and debt. Net investment income on a taxable equivalent basis

was \$111.6 million, an increase of 30.3% or \$25.9 million from the 1999 level of \$85.7 million. The increase is due in part to lower average interest-bearing liabilities, primarily as a result of the retirement of the \$100 million 1989 Series debenture, which matured on June 15, 1999. Average interest-bearing liabilities were \$374 million, down 26% or \$130 million from 1999 levels.

Investment margin

Investment margin represents the net investment income divided by average earning assets. This margin increased 193 bps to 8.75% in 2000 from 6.82% in 1999 as a result of two components:

- A higher investment spread, which accounted for an increase of 131 basis points.
- A decrease in the proportion of earning assets funded by interest-bearing liabilities, which resulted in a 62 basis point improvement.

Table 4: Net Investment Income, Taxable Equivalent Basis (TEB)

(in thousands of dollars)

	2000	1999	Variance
Investment income ⁽¹⁾	\$ 132,932	\$ 119,422	\$ 13,510
Interest expense	21,323	33,749	12,426
Net investment income (analyzed in Table 5)	111,609	85,673	25,936
Share of earnings of affiliate	23,990	17,880	6,110
Total	\$ 135,599	\$ 103,553	\$ 32,046

(1) Includes dividend gross-up of \$14,985 (1999 – \$16,771)

Table 5: Analysis of Net Investment Income (TEB)

(in thousands of dollars)

	2000			1999		
	Average Balance	Income/ Expense	Average Rate	Average Balance	Income/ Expense	Average Rate
	(1)	(2)		(1)	(2)	
Total earning assets	\$ 1,275,897	\$ 132,932	10.42%	\$ 1,255,810	\$ 119,422	9.51%
Other assets ⁽³⁾	577,368			531,085		
Total assets	1,853,265			1,786,895		
Total interest-bearing liabilities	374,434	21,323	5.69%	504,917	33,749	6.68%
Other liabilities	464,185			388,544		
Shareholders' equity	1,014,646			893,434		
Total liabilities and shareholders' equity	\$ 1,853,265			\$ 1,786,895		
Net investment income		\$ 111,609			\$ 85,673	
Investment spread ⁽⁴⁾			4.73%			2.83%
Investment margin ⁽⁵⁾			8.75%			6.82%

(1) Based on monthly averages

(2) Tax Equivalent Basis includes dividend gross-up of \$14,985 (1999 – \$16,771)

(3) Other assets include investment in affiliate

(4) Average return on earning assets less average rate paid on interest-bearing liabilities

(5) Net investment income divided by average earning assets

Table 6: Change in Net Investment Income (TEB), 2000 Compared with 1999

(in thousands of dollars)

	Increase (Decrease) due to change in:		
	Average Balance	Average Rate ⁽¹⁾	Net Change
Total earning assets	\$ 1,910	\$ 11,600	\$ 13,510
Total interest-bearing liabilities	8,722	3,704	12,426
Change in net investment income	\$ 10,632	\$ 15,304	\$ 25,936

(1) Changes due to a combination of balance and rate have been allocated to rate variances

EXPENSES

Expenses reflect the cost of doing business for Investors Group and are made up of two major components: commissions and non-commission expenses.

Commissions

Investors Group incurs commissions expense in connection with the distribution of its financial services and products, particularly the Corporation's mutual funds. Consultants earn commissions on the sale of Investors Group products and, as a result, commissions expense will fluctuate to a significant extent with the level of sales.

The Corporation charges 50% of commissions paid to expense at time of sale, and amortizes the remainder over 18 months. Commissions expense also includes the payment of an asset retention bonus based on the level of client assets serviced.

Commissions expense increased by \$32.0 million, or 9.9%, to \$357.2 million compared with \$325.1 million in 1999. The increase in commissions expense was primarily the result of higher mutual fund sales.

Non-commission expenses

Non-commission expenses encompass all of the other costs Investors Group incurs in operating its business. They include

variable costs, fixed costs and strategic initiative expenditures. During 2000, non-commission expenses totalled \$333.7 million. This total includes strategic and restructuring expenditures of \$50.6 million in support of the development and implementation of the Corporation's strategic plan. Excluding these expenditures, non-commission expenses were \$283.1 million, representing an increase of \$29.9 million, or 11.8%, from 1999. Variable costs rose by 16.6% to \$75.5 million. Fixed costs increased by \$19.1 million, or 10.2%, and were largely driven by initiatives related to the expansion of the Corporation's distribution activities.

Expenses for strategic initiatives

In support of the strategic plan, expenditures were incurred for the following:

- Furthering the Corporation's strategic plan through a banking, brokerage and mortgage initiative with CIBC.
- Developing and launching of additional products and services.
- Enhancing in-house investment management capabilities.
- Continuing development of strategic order entry systems.
- Integrating MAXXUM Fund Management Inc. operations.

Table 7: Commissions Expense

<i>(in thousands of dollars)</i>	2000	1999	Increase (Decrease)	Change
Mutual funds				
Cash commissions	\$ 212,635	\$ 178,625	\$ 34,010	19.0 %
Less: deferred portion	104,699	86,988	(17,711)	(20.4)
Expensed in current year	107,936	91,637	16,299	17.8
Amortization of deferred commissions	94,735	95,189	(454)	(0.5)
	202,671	186,826	15,845	8.5
Other commissions	19,521	18,577	944	5.1
Asset retention and other bonuses	134,968	119,722	15,246	12.7
Total	\$ 357,160	\$ 325,125	\$ 32,035	9.9 %

Table 8: Non-Commission Expenses*

<i>(in thousands of dollars)</i>	2000	1999	Increase (Decrease)	Change
Fixed expenses	\$ 207,534	\$ 188,396	\$ 19,138	10.2 %
Variable expenses	75,531	64,752	10,779	16.6
Total expenses	\$ 283,065	\$ 253,148	\$ 29,917	11.8 %

* excluding strategic initiatives, restructuring and business process improvements

Restructuring and business improvement expenditures

Expenses were incurred for the following:

- Integration of information technology services with The Great-West Life Assurance Company and London Insurance Group Inc.
- The redesign of the sales compensation structure for Consultants and sales management.
- Further development of the brokerage platform.

Variable costs

Variable costs fluctuate with the levels of sales, the number of Consultants and clients, and the level of assets under management and administration. They include variable compensation, distribution support costs and costs of investment advisory services. Variable costs increased 16.6% in 2000 resulting from increases in:

- Investment advisory fees associated with higher average mutual fund assets.
- Insurance and brokerage volumes.
- Expenses related to the operations of MAXXUM Fund Management Inc.

Fixed costs

Improvements in productivity and continuing investments in technology have allowed Investors Group to manage fixed costs and control expenses effectively, while expanding and enhancing business and support activities. Fixed costs only increased by 10.2% in 2000, reflecting the impact of cost control in an expanding business.

The increase in fixed costs in 2000 was mainly a result of expenditures made to support the Corporation's distribution function. These included expenditures related to:

- Distribution activities in MAXXUM Fund Management, Inc.
- Expanding and enhancing the securities operations.
- Increasing the levels of Consultant training and support.

Investors Group also continued to expand and to redesign office space in Region Offices in order to assist Consultants in the conduct of their business. The expansion of Region Offices provides a more effective use of space for business activities and also reflects the planned growth in the number of Consultants and in the number of sales assistants who provide support to Consultants.

Investors Group continues to upgrade and enhance the Investors Group Advantage™ system, the business system supplied to Consultants. Investors Group Advantage™ provides Consultants with laptop computers, advanced software tools, state-of-the-art financial planning software and electronic access to client information through network connections.

These expenditures are consistent with Investors Group's strategic plan, which calls for directing resources to the distribution function. The ratio of distribution support expenditures to total expenditures was 56% during 2000.

A major component of Investors Group's fixed costs is employee compensation and benefits. Since 1995, the average number of employees associated with the Corporation's mutual fund activities has remained relatively constant. During this period, mutual fund assets under management have more than doubled and the number of unitholder accounts has almost tripled. The maintenance of staffing at these levels during a period of substantial growth is a result of Investors Group's investment in productivity improvements and technology.

FINANCIAL POSITION

Investors Group's on-balance sheet assets totalled \$1.985 billion at December 31, 2000 compared to \$1.812 billion in 1999.

Securities

Investors Group's holdings of securities decreased \$4.6 million, or 1.1%, to \$416.1 million at the end of 2000. This represents 21.0% of total assets compared with 23.2% in 1999. The market value of the Corporation's portfolio as at December 31, 2000, exceeded cost by \$176.0 million, compared with \$82.1 million in 1999.

The Corporation continually strives to ensure that its portfolio holdings are of the highest quality. To manage the market and credit risk associated with a securities portfolio, a Senior Management Investment Committee monitors the Corporation's portfolio and approves all purchases. This committee regularly reviews the portfolio to identify holdings where there has been a permanent decline in value. In these circumstances, the carrying amount of the security is written down to recognize the loss. Management also reviews the portfolio to establish appropriate and prudent allowances where permanent impairment is not yet evident.

Table 9: Condensed Balance Sheet

<i>(in thousands of dollars)</i>	2000	1999	Increase (Decrease)	Change
Cash and short term investments	\$ 716,202	\$ 527,523	\$ 188,679	35.8 %
Securities	416,142	420,744	(4,602)	(1.1)
Mortgage loans	215,782	308,913	(93,131)	(30.1)
Investment in affiliate	293,481	280,040	13,441	4.8
Other assets	343,605	274,738	68,867	25.1
	\$ 1,985,212	\$ 1,811,958	\$ 173,254	9.6 %
Deposits and certificates	\$ 218,980	\$ 306,809	\$ (87,829)	(28.6)%
Other liabilities	501,512	367,062	134,450	36.6
Debentures and notes	168,435	171,220	(2,785)	(1.6)
Shareholders' equity	1,096,285	966,867	129,418	13.4
	\$ 1,985,212	\$ 1,811,958	\$ 173,254	9.6 %
Total assets under management and administration				
Corporate assets	\$ 1,985,212	\$ 1,811,958	\$ 173,254	9.6 %
Mutual fund assets under management	44,498,392	40,649,739	3,848,653	9.5
Securities assets under administration ⁽¹⁾	1,566,168	987,618	578,550	58.6
	\$ 48,049,772	\$ 43,449,315	\$ 4,600,457	10.6 %

(1) excluding proprietary mutual funds

Mortgage loans

During 2000, mortgage loans decreased by 30.1%, or \$93.1 million, to \$215.8 million. They represent 10.9% of total assets, in comparison with 17.0% in 1999.

The decline in mortgage loans can be attributed to investors' preference for longer-term equity investments over short-term investments such as GICs and term deposits, which fund mortgage investments.

Credit risk

As at December 31, 2000, residential impaired loans totalled \$0.7 million, representing 0.27% of the total mortgage portfolio, compared with \$0.7 million, or 0.20%, in 1999. Investors Group continuously monitors its credit risk management policies to evaluate their effectiveness. A risk rating system assists Management in identifying potential problems with mortgage loans so they may be addressed in a proactive manner. These policies and practices have resulted in the effective control of impaired loans.

Management continued its conservative policy of maintaining adequate allowances to absorb all known and foreseeable credit-related losses in the mortgage loan and real estate portfolio. The allowance for credit losses exceeded residential impaired loans by \$7.8 million as at December 31, 1999 and 2000. The expense charged for credit losses in both 1999 and 2000 was \$0.2 million.

During 2001, Investors Group does not expect any significant losses in its mortgage portfolio because:

- The portfolio is 100% residential and 56% insured.
- 88% of the portfolio is owner occupied.
- 85% of loans were referred by Investors Group Consultants.
- The mortgages in the portfolio are geographically diverse.
- The Corporation continues to apply strict credit risk management policies.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Investors Group's liquidity requirements involve financing operations, servicing the Corporation's debt and equity and maintaining liquidity in its regulated subsidiaries. In addition, Management has historically maintained a certain level of liquidity to be able to act on attractive investment opportunities when they arise.

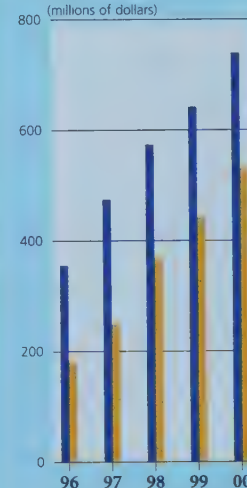
A key liquidity requirement for the Corporation is the funding of commissions paid to Consultants for the sale of mutual funds. Investors Group's commission expense is fully funded through management fee revenue earned on mutual fund assets under management and through additional sales charges levied in connection with the early redemption of mutual funds. In this regard, Investors Group has a competitive advantage over other mutual fund companies, which generally fund commissions with capital raised through the sale of limited partnerships or through equity and debt markets. Investors Group can rely on its strong financial position to address funding issues of this nature internally.

Earnings before interest, taxes, depreciation and amortization of commissions expense (EBITDA) totalled \$737.8 million in 2000, an increase of 16.4% from \$633.8 million in 1999. In addition, Investors Group has significant levels of corporate resources and capital to fund any shortfalls. As a result, the Corporation does not need to use any of the funding methods recently employed by a number of mutual fund companies.

The Corporation also maintains sufficient liquidity to fund and temporarily hold mortgages sourced through referrals by Consultants.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

For the financial year
(millions of dollars)



EBITDA
■ 353 488 578 634 738

Cash Flow Available*
■ 184 258 371 455 525

* Cash flow available for operations and investment after payment of commissions

Through its mortgage banking operations, most of these mortgages are sold to third parties on a fully serviced basis.

Other potential sources of liquidity are Investors Group's sizable portfolio of securities and lines of credit. As of December 31, 2000, the market value of the marketable securities in Investors Group portfolios and its unregulated subsidiaries was \$490.7 million. The Corporation maintains lines of credit totalling \$160 million with various Schedule 1 Canadian chartered banks. Liquidity also can be provided through the Corporation's ability to raise funds in domestic debt and equity markets.

In 1997, Investors Group issued \$125 million in unsecured debentures maturing on December 13, 2027, with an interest rate of 6.65%. The net proceeds from these debentures have been used for general corporate and investment purposes.

The Corporation's 1989 issue of \$100 million in unsecured debentures, with an interest rate of 10.65%, matured on June 15, 1999. Repayment of the debentures was funded from the Corporation's cash and short-term deposits.

Liquidity requirements for Investors Group Trust Co. Ltd. and The Trust Company of London Life, which engage in financial intermediary activities, are established by regulatory authorities. The trust companies are required to maintain liquid assets (such as deposits with chartered banks, treasury bills, government bonds and similar instruments) with a value equal to 20% of the amount of demand deposits and all deposits due in 100 days or less. As at December 31, 2000, liquidity for both companies was significantly in excess of regulatory requirements.

Interest rate sensitivity

The objective of Investors Group's asset liability management is to control interest rate risk by actively managing the Corporation's interest rate exposure within limits established by the Investment Committee of the Board of Directors. The Corporation manages the repricing characteristics of its consolidated assets and liabilities, and as required by regulation, manages interest rate risk on the assets and liabilities of the deposit operations of Investors Group Trust Co. Ltd. and The Trust Company of London Life. As at December 31, 2000,

the trust subsidiaries' total gap between one-year deposit assets and liabilities was well within the Corporation's stated policy parameters for the trust companies.

Capital resources

Shareholders' equity amounted to \$1,096.3 million at December 31, 2000, representing 55.2% of total assets, compared with 53.4% at year-end 1999. Investors Group monitors capital adequacy on an ongoing basis and maintains a conservative debt-equity ratio. At December 31, 2000, this ratio was 15.5%, compared with 18.0% at the end of 1999.

To achieve its strategic objectives, Investors Group requires a strong capital base. The Corporation's capital management objective is to preserve the quality of its financial position by establishing and maintaining a solid capital base and a strong balance sheet.

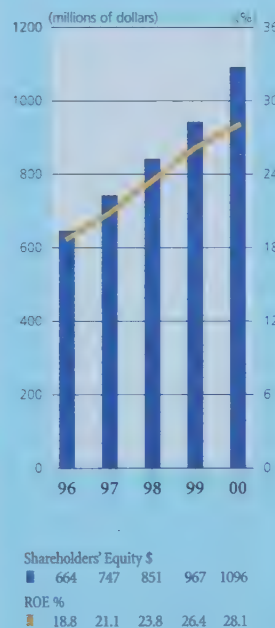
Independent reviews confirm the continuing quality of the Corporation's balance sheet and strength of its operations. During 2000, both the Canadian Bond Rating Service (CBRS) and the Dominion Bond Rating Service (DBRS) maintained their ratings of Investors Group's senior debt and liabilities. The senior debt and liabilities were rated AA- by CBRS and A High by DBRS.

Management is confident that the Corporation's current capital resources are adequate and can support its activities during 2001.

Trust Company Subsidiaries

Investors Group Trust Co. Ltd. is permitted to maintain deposit levels to a maximum of 25 times regulatory capital. Deposits in Investors Group Trust Co. Ltd. were 16.0 times regulatory capital as at December 31, 2000, and excess borrowing capacity was \$93.8 million.

Shareholders' Equity
As at December 31



The Trust Company of London Life is permitted to maintain an asset to capital ratio to a maximum of 20 times regulatory capital. As at December 31, 2000, this ratio was 2.3 times with excess borrowing capacity of \$189 million.

Investors Syndicate Limited

Investors Syndicate Limited is required to maintain a minimum of \$5 million in unrestricted capital, and to ensure that the value of its certificate liabilities does not exceed 10 times the value of its unrestricted capital. As at December 31, 2000, Investors Syndicate Limited's total unrestricted capital was \$59.4 million and the value of its certificate liabilities was 0.4 times unrestricted capital.

OUTLOOK

The mutual fund and financial services industries enjoyed significant growth in 2000. Analysts continue to forecast strong growth for both industries. This view is supported by the following factors:

- Changes in demographics and an aging population who are turning their attention to savings and investment.
- Changes in investment habits and the increasing ease of investment.
- Growing concern over the adequacy of government sponsored pension plans.

Investors Group is well positioned to participate in the future growth of the mutual fund and financial services industries. The Corporation enjoys a strong competitive position due to the inherent strengths of its financial planning approach and integrated business model.

THE COMPETITIVE LANDSCAPE

To provide financial planning services to Canadians, Investors Group must compete with other mutual fund companies and, increasingly, with other financial services organizations including banks, brokers and life insurance companies. During 2000, mergers and acquisition activity increased, reflecting continued consolidation within the industry.

Banks

The dominant competitive force in retail financial services is the banking industry. During 2000, banks continued to maintain a significant share of the mutual fund market. A substantial part of bank mutual fund assets remained in money market funds. However, the banks also experienced increased investment in non-money market funds.

Management feels that the banks' presence has served to accelerate the growth of the mutual fund industry as a whole. The banks will continue to attract conservative investors and depositors to mutual fund investments.

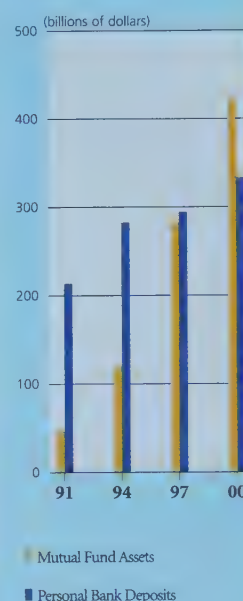
Brokers, financial planners and life insurance agents

The Corporation recognizes stockbrokers, independent financial planners and life insurance agents as key competitors in the financial advice market. Throughout 2000, brokers expanded their distribution network for financial products, which already include both mutual funds and a broad range of other products. U.S. brokers continued to strengthen their presence in Canada, reflecting the increased competition coming from U.S. brokerage houses.

Mutual fund dealers and manufacturers

Mutual fund dealers have also been successful in expanding their distribution network and increasing their penetration of the financial advice market. During the year, a number of organizations consolidated to form larger firms. These developments reflect several factors including:

Growth in Mutual Fund and Deposit Assets
As at October 31



Source: IFIC, Bank of Canada

- Increased competition in the industry.
- The need for increased scale and efficiencies to remain competitive.
- Escalating operating costs related to increasing regulatory compliance requirements.

Management expects continued consolidation in the industry as smaller participants are acquired by larger, more efficient organizations – as evidenced by two significant 2000 acquisitions: Amvescap Plc acquired Trimark Financial Corporation and AGF Management Inc. acquired Global Strategy Financial Inc.

An emerging trend within the mutual funds sector is increased vertical integration, where one firm both manufactures and distributes products. For mutual fund dealers, this has meant increasing their manufacturing capabilities. This trend reflects the extent to which competitors are attempting to emulate Investors Group's successful business model of integrating investment management with the distribution of financial products and services.

Top Ten Mutual Fund Providers in Canada by Invested Assets

As at December 31, 2000



Source: IFIC

Distribution channels

Within the various mutual fund distribution channels, competition is strong. Management views this as a healthy environment that allows investors to receive high-quality investment management services for reasonable fees. In addition, there is increasing competition among mutual fund manufacturers to access distributors and the shelf-space that distributors can offer as the number of mutual funds continues to increase.

MEETING COMPETITIVE CHALLENGES

Investors Group is well positioned to enhance its competitive position in the mutual fund and financial services industries. At present, the financial services market consists largely of clients who have developed relationships with a number of different providers of products and services. To be successful in this environment, Investors Group must increase the number of products and services that its clients access through its Consultants.

Expanded product shelf

Offering clients a broader range of financial products and increasing the diversification of Investors Group's core products will help Consultants strengthen existing client relationships and attract new clients. Investors Group Consultants can diversify their business and increase their incomes by expanding the number of products placed with clients. This strategy will enhance the extent and quality of Investors Group's client relationships, protecting the Corporation's client base and expanding its market share.

The Corporation recently expanded the mutual fund offerings in its own Master Series™ and partner lines in order to provide greater style and geographic diversity. As well, the introduction of the managed asset program and the addition of multi-manager portfolios of funds are further strong proof of Investors Group's commitment to broadening its core product base. The Corporation's agreement with CIBC through which Consultants will offer banking and brokerage services in 2001 is another prime example of the Corporation's ability to expand its product shelf in new and unique ways that serve existing clients and attract new ones.

Integrated business model

The highly developed nature of its integrated business model and the scale of its operations give Investors Group a distinct advantage over its competition. Investors Group's manufacturing and distribution capabilities, including an expanding network of well-established Consultants, are highly integrated. As a result, the Corporation is well positioned to meet increased competition for distribution shelf space. The synergies achieved through the Corporation's access to London Life's sales force, the acquisition of MAXXUM Group of Funds,

and the Maxxum Financial Services Co. partnership further enhance Investors Group's scale of operations, strengthen its position in the marketplace and provide access to other distribution channels.

In January 2001, Investors Group announced its intention to acquire 100% of Mackenzie Financial Corporation. When the acquisition is completed, the combined companies will immediately become one of the largest wealth management entities in Canada, with over \$85 billion in assets under management and administration and more than two million clients across Canada. In keeping with Investors Group's integrated business model, Management recognizes the potential for synergies that will benefit both organizations in such areas as corporate operations and infrastructure, but, respecting the important differences between Mackenzie and Investors Group, will retain separate management and distinct distribution channels, investment management operations and brands.

In addition to revenue enhancements and increased capabilities, the amplified scale of the combined companies should ultimately reduce costs for mutual fund unitholders. Moreover, the synergies created between Investors Group and Mackenzie would also extend to the other members of the Power Financial Corporation group of companies, Great-West Life and London Life.

Management believes that the benefits of the proposed Mackenzie acquisition will include increased potential for high-growth and profitability for the combined companies over the long term.

Competitive strengths

While competitors may attempt to replicate the Investors Group business model, Management is confident that the Corporation will remain a leader. Investors Group's effective network of Consultants and its significant capacity in mutual fund manufacturing – which would be further enhanced with the planned acquisition of Mackenzie – will help the Corporation maintain its position as a leader in mutual funds and financial planning, and advance its position as a primary distributor of a broad and diverse range of financial products and services.

Some industry observers feel that increased competition may exert downward pressure on fees charged for fund management and distribution. While Management recognizes the potential for these types of challenges, it believes that the Corporation will be able to respond by achieving operating efficiencies through economies of scale and by continuing to offer top-quality financial advice and a high level of client service.

THE REGULATORY ENVIRONMENT

Developments in the regulatory environment continue to affect the industry. Investors Group supports all regulatory efforts that will protect the interests of clients and preserve the integrity and reputation of the industry and its members. Management looks forward to future developments that will further these objectives. Over the course of 2000, several positive developments occurred.

Mutual Fund Dealers Association of Canada

At the end of 1997, a self-regulatory organization ("SRO") for the mutual fund industry was established – the Mutual Fund Dealers Association of Canada ("MFDA"). The MFDA is expected to be fully operational early in 2001 and will regulate mutual fund distributors in every province with the exception of Quebec. Its board of directors comprises nominees from the Investment Dealers Association and the Investment Funds Institute of Canada, as well as a number of independent directors.

During 1999, the MFDA developed draft rules and bylaws for the organization in the areas of capital and contingency, sales compliance, proficiency and continuing education, distribution structures and administration. In December 1999, an application for recognition as an SRO was submitted by the MFDA to the securities commissions of Alberta, British Columbia and Ontario. In 2000, the MFDA's approval process involved 90 days of public consultation and a series of workshops in 17 cities across Canada through which many individual comments and letters were received from mutual fund dealers, industry groups and associations, individual sales consultants and other members of the public. As a result of these comments, the MFDA amended its draft by-law, rules, policies and forms and filed a revised application for



recognition as a self-regulatory organization ("SRO") with the securities commissions of Alberta, British Columbia and Ontario in December 2000.

One important initiative of the MFDA is the establishment of a contingency protection fund for investors in the event of the insolvency of a Mutual Fund Dealer. The MFDA is working with the Canadian Investor Protection Fund, the association that provides similar protection to brokerage customers, to develop this program.

Investments

Capital gains inclusion rate

In February 2000, the capital gains inclusion rate declined from 75% to 66 2/3% for dispositions and, in October 2000 this rate was reduced to 50%. These changes resulted in a lower effective tax rate on capital gains for individuals and corporations.

Foreign investments

Canadians once again increased their investment in foreign markets during 2000, a trend that is expected to continue as more investors seek greater diversification. Registered plans, which include Registered Retirement Savings Plans ("RRSPs"), had been restricted to holding a maximum of 20% of the book value of the plan in foreign investments. In 2000, this restriction was raised to 25% and will increase to 30% at the beginning of 2001. While this escalation of maximum holdings is to be applauded, the Corporation believes that with the increasing interdependence of world economies, investors need even greater opportunity for participation in the world economy for the long-term growth of their investments.

Investors Group supports the efforts of the Investment Funds Institute of Canada ("IFIC") in urging the government to continue to raise the limit on foreign content held in registered investments. While RRSP clone funds offer a way for investors to circumvent restrictions on foreign content, they result in additional fees. By raising the limits on foreign content, investors will be able to increase their exposure to foreign markets within their registered investments without additional cost.

MARKET INFLUENCES

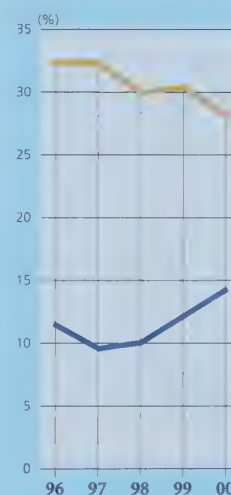
Corrections in domestic and international markets and increases in interest rates may affect the future outlook for Investors Group. Markets continued to be active and volatile through 2000. However, after declines in 1999, mutual fund sales rose throughout the industry as consumers kept their focus on the longer term. Increases in interest rates could have a significant impact on equity markets and mutual fund sales. Declines in the value of equity markets could also result in increased redemptions of mutual funds.

Redemption rates

The mutual fund industry has successfully educated mutual fund investors on the benefits of long-term investing. The redemption rate for the Corporation's mutual funds was 14.0% for the year, among the lowest in the industry. The redemption rate for the industry as a whole, excluding Investors Group was 28.0%.

Investors Group Consultants play a key role in maintaining low redemption rates. They educate clients about the value of a long-term investment strategy and the benefits of an appropriate level of portfolio diversification. In periods of declining markets and market volatility, Consultants have been effective in encouraging clients to assume a long-term investment outlook and to continue to invest.

Mutual Fund Redemption Rates
As at December 31



IFIC*	32.6	32.6	30.0	30.5	28.0
Investors Group	11.6	9.9	10.0	11.9	14.0

* excludes Investors Group

CONSOLIDATED BALANCE SHEETS

<i>As at December 31 (in thousands of dollars)</i>	2000	1999
Assets		
Cash and short term investments	\$ 716,202	\$ 527,523
Securities (Note 2)	416,142	420,744
Mortgage loans (Note 3)	215,782	308,913
Investment in affiliate (Note 4)	293,481	280,040
Deferred expenses	70,771	59,915
Other assets (Note 5)	272,834	214,823
	<u>\$ 1,985,212</u>	<u>\$ 1,811,958</u>
Liabilities		
Deposits and certificates (Note 6)	\$ 218,980	\$ 306,809
Accounts payable and other liabilities	501,512	367,062
Debentures and notes (Note 7)	168,435	171,220
	<u>888,927</u>	<u>845,091</u>
Shareholders' Equity		
Share capital (Note 8)	272,756	272,157
Retained earnings	823,529	694,710
	<u>1,096,285</u>	<u>966,867</u>
	<u>\$ 1,985,212</u>	<u>\$ 1,811,958</u>

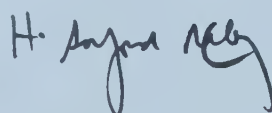
(See accompanying notes to consolidated financial statements.)

On behalf of the Board

Director



Director



C O N S O L I D A T E D S T A T E M E N T S O F I N C O M E

<i>For the years ended December 31 (in thousands of dollars, except earnings per share)</i>	2000	1999
Fee income		
Management	\$ 824,130	\$ 724,115
Administration	142,660	130,109
Distribution	109,704	85,432
Total fee income	1,076,494	939,656
Investment income		
Investment income	141,937	120,531
Interest expense	21,323	33,749
Net investment income	120,614	86,782
Operating income	1,197,108	1,026,438
Operating expenses	690,875	612,300
Income before income taxes	506,233	414,138
Income taxes (Note 9)	222,208	178,525
Net income	\$ 284,025	\$ 235,613
Average number of shares outstanding (Note 8)	210,012,376	210,854,367
Earnings per share (Note 8)	\$ 1.352	\$ 1.117
<i>(See accompanying notes to consolidated financial statements.)</i>		

C O N S O L I D A T E D S T A T E M E N T S O F R E T A I N E D E A R N I N G S

<i>For the years ended December 31 (in thousands of dollars)</i>	2000	1999
Balance, beginning of year		
As previously reported	\$ 694,710	\$ 577,922
Change in accounting policy (Note 1)	(11,215)	—
As restated	683,495	577,922
Net income	284,025	235,613
Dividends	(128,051)	(103,256)
Premiums paid on common shares purchased for cancellation (Note 8)	(15,940)	(15,569)
Balance, end of year	\$ 823,529	\$ 694,710
<i>(See accompanying notes to consolidated financial statements.)</i>		

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31 (in thousands of dollars)

	2000	1999
Operating activities		
Net income	\$ 284,025	\$ 235,613
Adjustments to determine net cash from operating activities		
Future income taxes	(32,032)	(541)
Commissions expense	201,779	186,786
Depreciation	11,489	10,393
Other	60,610	7,697
	525,871	439,948
Commissions paid	(212,635)	(178,625)
	313,236	261,323
Financing activities		
Increase in demand deposits	17,225	10,786
Decrease in term deposits	(93,924)	(58,399)
Decrease in certificates	(11,130)	(17,206)
Repayment of debentures and notes	(2,785)	(102,162)
Common dividends paid	(121,843)	(98,082)
Issue of common shares	1,780	263
Shares purchased for cancellation	(17,121)	(16,681)
	(227,798)	(281,481)
Investing activities		
Purchase of securities	(71,484)	(130,699)
Proceeds from the sale of securities	87,486	97,340
Increase in mortgage loans	(579,013)	(227,736)
Proceeds from securitizations	671,958	264,628
Net proceeds from the sale of (additions to) real estate	9,001	(3,334)
Additions to capital assets	(14,707)	(22,120)
	103,241	(21,921)
Increase (decrease) in cash and cash equivalents	188,679	(42,079)
Cash and cash equivalents, beginning of year	527,523	569,602
Cash and cash equivalents, end of year	\$ 716,202	\$ 527,523
Cash	\$ 110,316	\$ 81,089
Short term investments	605,886	446,434
	\$ 716,202	\$ 527,523

(See accompanying notes to consolidated financial statements.)

December 31, 2000 (In thousands of dollars, except share amounts)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Basis of consolidation

The consolidated financial statements include the accounts of the Corporation and all subsidiaries on a consolidated basis after elimination of intercompany transactions and balances. Investments in joint ventures that were jointly controlled were consolidated on a proportionate basis. The equity method is used to account for the Corporation's investment in Great-West Lifeco Inc., an affiliated company. Both corporations are controlled by Power Financial Corporation.

Goodwill, representing the excess of the purchase price over the fair value of net assets acquired, is amortized over 30 years using the straight-line method. Goodwill is evaluated periodically by reviewing the returns of the related business and a write-down is taken to reflect any permanent impairment.

Securities

Bonds and debentures are carried at amortized cost plus accrued interest. Discounts or premiums on the purchase of bonds and debentures are amortized over the remaining life of the security. Common and preferred shares and all other securities are carried at original cost plus declared dividends. Securities are written down to their fair value when a permanent decline in value is identified.

Mortgage loans

Mortgage loans are carried at amortized cost plus accrued interest less an allowance for credit losses. Interest income is accounted for on the accrual basis for all loans other than impaired loans.

A loan is classified as impaired when, in the opinion of management, there no longer is reasonable assurance of the timely collection of the full amount of principal and interest. A loan is also classified as impaired when interest or principal is contractually past due 90 days, except in circumstances where management has determined that the collectibility of principal and interest is not in doubt. Once a loan is classified as impaired, any accrued and unpaid interest income is reversed and charged against interest income in the current period. Thereafter interest income is recognized on a cash basis.

The Corporation maintains an allowance for credit losses which is considered adequate by management to absorb all credit related losses in its portfolio. Specific allowances are established as a result of reviews of individual loans. There is a

second category of allowance, designated general allowance, which is allocated against sectors rather than specifically against individual loans. This allowance is established where a prudent assessment by the Corporation suggests that losses may occur but where such losses cannot yet be identified on an individual loan basis.

The Corporation periodically sells loans to special-purpose vehicles that in turn issue securities to investors. These transactions are accounted for as sales when the significant risks and rewards of ownership have been transferred and there is reasonable assurance regarding the measurement of the consideration derived from the sale. Gains on these transactions are recognized provided there is no recourse to the Corporation for the consideration derived from the sale. To the extent there is recourse to the Corporation on the transaction, any gain is deferred until the cash is collected and there is no recourse. Fees earned by the Corporation to service the securitized loans are recognized as services are provided.

Real estate

On foreclosure, mortgage loans are adjusted, if necessary, to the estimated fair value of the underlying collateral and transferred to real estate, which is reported in other assets net of selling costs and net declines in value as appropriate.

Office premises

Office premises are recorded at cost of \$152,361 (1999 – \$137,714), less accumulated depreciation of \$70,176 (1999 – \$59,234). The depreciable properties and related equipment and furnishings are depreciated on a straight-line basis over their estimated lives.

Deferred expenses

Commissions paid on the sale of certain mutual fund products are deferred and amortized against related fee income over a maximum period of three years. Commissions paid on the sale of deposits are deferred and amortized over the term of the deposit with a maximum amortization period of five years.

Pension plans and other post-retirement benefits

The Corporation maintains a defined-benefit pension plan for substantially all of its employees. The plan provides pensions based on length of service and final average earnings. The benefit obligation is actuarially determined and accrued using the projected benefit method pro-rated on service. Pension expense or income consists of the aggregate of the actuarially computed cost of pension benefits provided in respect of the current year's service, imputed interest on the funding excess or

December 31, 2000 (In thousands of dollars, except share amounts)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

deficiency of the plan, and the amortization of experience gains or losses over the expected average remaining service life of employees. Plan assets are valued at market value for purposes of calculating the expected long-term rate of return.

The Corporation also has an unfunded supplementary pension plan for certain executive officers. Pension expense related to current services is charged to income in the period during which the services are rendered.

The Corporation also provides certain post-retirement health care and life insurance benefits to eligible retirees. In prior years, the cost of providing these benefits was expensed as incurred. Effective January 1, 2000, the Corporation adopted the recommendations of the CICA Handbook Section 3461 – Employee Future Benefits which require that post-retirement benefits other than pensions be accrued over the periods of employee service similar to pension costs. The Corporation applied the standard retroactively with no restatement of prior periods. The cumulative effect of adopting the new recommendations was to increase Other liabilities by \$20.4 million, increase future income taxes which are reported in Other assets by \$9.2 million, and decrease opening Retained earnings by \$11.2 million.

Income taxes

Effective January 1, 2000, the Corporation adopted the recommendations of the Accounting Standards Board (AcSB) of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3465 – Income Taxes, which replaced the deferral method with the liability method of tax allocation. The

adoption of the standard, which was applied retroactively with no restatement of prior periods, did not have a significant effect on the Corporation's consolidated financial statements.

Under the liability method, future income tax assets and liabilities reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Future income tax assets and liabilities are determined based on the tax rates which are expected to be in effect when the underlying items of income or expense are expected to be realized.

Off-balance sheet financial instruments

The Corporation enters into various derivative contracts in order to manage its interest rate, currency and market risks. The accounting policies used for derivative financial instruments which are used for hedging purposes correspond to those used for the underlying hedged positions.

Assets under management and assets under administration

The Corporation manages and administers assets owned by clients and third parties that are not reflected on the balance sheet. Mutual fund assets managed by the Corporation on behalf of its clients are considered assets under management. Mortgages serviced for third parties and assets administered in the Corporation's securities operations are considered assets under administration.

Comparative figures

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

2. SECURITIES

	2000		1999	
	Cost	Market	Cost	Market
Government bonds	\$ 57,179	\$ 57,347	\$ 52,168	\$ 50,858
Corporate bonds	16,889	17,243	21,879	21,480
Preferred shares	73,630	80,271	98,073	104,553
Common shares	268,444	457,993	248,624	311,302
	\$ 416,142	\$ 612,854	\$ 420,744	\$ 488,193

December 31, 2000 (In thousands of dollars, except share amounts)

2. SECURITIES (CONT'D)

	Term to Maturity			2000 Total	1999 Total
	1 Year or Less	1-5 Years	Over 5 Years		
Government bonds	\$ 31,302	\$ 25,877	\$ —	\$ 57,179	\$ 52,168
Yield ⁽¹⁾	5.35%	5.73%	—	5.52%	
Corporate bonds	6,650	10,239	—	16,889	21,879
Yield ⁽¹⁾	5.73%	6.93%	—	6.46%	
Preferred shares	30,724 ⁽²⁾	42,906	—	73,630	98,073
Yield ^{(1) (3)}	5.32%	6.66%	—	6.10%	
Common shares	—	—	268,444	268,444	248,624
Yield ^{(1) (3)}	—	—	4.62%	4.62%	
	\$ 68,676	\$ 79,022	\$ 268,444	\$ 416,142	\$ 420,744

(1) Represents weighted-average yield based on carrying values.

(2) Includes floating rate preferred shares with no stated maturity date.

(3) Yields on tax-exempt securities have not been calculated on a taxable equivalent basis.

3. MORTGAGE LOANS AND ALLOWANCE FOR CREDIT LOSSES

	Term to Maturity			2000 Total	1999 Total
	1 Year or Less	1-5 Years	Over 5 Years		
Residential mortgages	\$ 126,185	\$ 87,424	\$ 10,608	\$ 224,217	\$ 317,414
Less: General allowance				8,435	8,501
				\$ 215,782	\$ 308,913
Impaired loans included above				\$ 674	\$ 672
Less: General allowance				8,435	8,501
				\$ (7,761)	\$ (7,829)

The change in the allowance for credit losses is as follows:

Balance, beginning of year	\$ 8,501	\$ 7,035
Write-offs	(388)	(202)
Recoveries	140	1,465
Provision for credit losses	182	203
Balance, end of year	\$ 8,435	\$ 8,501

December 31, 2000 (In thousands of dollars, except share amounts)

4. INVESTMENT IN AFFILIATE

The Corporation holds a 4.3% equity interest in Great-West Lifeco Inc. Goodwill of \$133,850 (1999 – \$138,831) is included in the carrying value of the investment.

	2000	1999
Carrying value, beginning of year	\$ 280,040	\$ 270,763
Share of earnings	28,972	22,860
Goodwill amortization	(4,981)	(4,981)
Dividends	(10,550)	(8,602)
Carrying value, end of year	\$ 293,481	\$ 280,040

5. OTHER ASSETS

	2000	1999
Office premises	\$ 82,185	\$ 78,480
Accounts and other receivables	70,829	57,971
Future income taxes (Note 9)	48,568	16,536
Accrued pension asset	31,702	28,213
Goodwill, net of amortization	22,999	14,017
Real estate	5,860	14,148
Other	10,691	5,458
	\$ 272,834	\$ 214,823

6. DEPOSITS AND CERTIFICATES

Included in the assets of the consolidated balance sheets are cash and investments amounting to \$218,980 (1999 – \$306,809) held to secure the deposits of both Investors Group Trust Co. Ltd. and The Trust Company of London Life and the certificates issued by Investors Syndicate Limited.

	Demand	Term to Maturity			2000 Total	1999 Total
		1 Year or Less	1–5 Years	Over 5 Years		
Deposits	\$ 50,314	\$ 60,983	\$ 75,935	\$ 7,603	\$ 194,835	\$ 271,534
Certificates	–	9,977	7,924	6,244	24,145	35,275
	\$ 50,314	\$ 70,960	\$ 83,859	\$ 13,847	\$ 218,980	\$ 306,809

December 31, 2000 (In thousands of dollars, except share amounts)

7. DEBENTURES AND NOTES

	2000	1999
6.65% Debentures 1997 Series, due December 13, 2027	\$ 125,000	\$ 125,000
10.60% Note Payable to Power Financial Corporation, due January 16, 2006	33,935	35,720
— Note Payable to London Fund Management, due December 31, 2003, non-interest bearing	9,500	10,500
	\$ 168,435	\$ 171,220

Interest expense relating to this debt was \$11,931 (1999 – \$16,980).

The annual principal payments in each of the next five years are: 2001 – \$3,285; 2002 – \$3,785; 2003 – \$7,785; 2004 – \$1,785; and 2005 – \$1,785.

8. SHARE CAPITAL

Authorized

Unlimited number of:

First preferred shares, issuable in series

Second preferred shares, issuable in series

Class 1 non-voting shares

Common shares

Common shares issued and outstanding

	2000		1999	
	Shares	Stated Value	Shares	Stated Value
Balance, beginning of year	210,453,180	\$ 272,157	211,283,380	\$ 273,006
Issued under Stock Option Plan	201,100	1,780	30,400	263
Purchased for cancellation	(911,700)	(1,181)	(860,600)	(1,112)
Balance, end of year	209,742,580	\$ 272,756	210,453,180	\$ 272,157

Share purchase plans

Under the Corporation's share purchase plans, eligible employees and financial planning consultants can choose each year to have a percentage of their annual earnings withheld, subject to a maximum, to purchase the Corporation's common shares. The Corporation matches 50% of the contribution amounts. All contributions are used by the plan trustee to purchase common shares in the open market. The Corporation's contributions vest after a maximum period of three years of continuous participation in the plan. The Corporation's contributions are expensed as paid and totalled \$3,789 (1999 – \$3,256).

Stock option plan

Under the terms of the Corporation's Stock Option Plan, options to purchase common shares are periodically granted to designated officers and employees at prices not less than the market price of such shares immediately prior to the grant date. The options vest over a five year period and are exercisable no later than 10 years after date of grant. A maximum number of 5,540,900 common shares are reserved for issuance under the plan. Compensation expense is not recognized for the stock option plan when stock or stock options are issued. Any consideration paid on exercise of stock options to purchase stock is credited to share capital.

December 31, 2000 (In thousands of dollars, except share amounts)

8. SHARE CAPITAL (CONT'D)	2000		1999	
	Number of Options	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price
Balance, beginning of year	2,935,600	\$ 14.24	2,123,800	\$ 11.17
Granted	151,000	17.00	922,500	21.72
Exercised	(201,100)	8.85	(30,400)	8.66
Cancelled	(57,760)	18.80	(80,300)	21.13
Balance, end of year	2,827,740	\$ 14.68	2,935,600	\$ 14.24
Exercisable, end of year	1,652,460	\$ 10.76	1,344,560	\$ 9.56
Options outstanding at December 31, 2000:				
	Expiry Date	Exercise Price \$	Options Outstanding	Options Exercisable
	2005	8.66	1,266,900	1,266,900
	2006	8.89	48,000	38,400
	2007	12.98–13.55	163,520	100,480
	2008	18.85–20.99	343,320	145,680
	2009	18.99–24.27	865,000	101,000
	2010	17.00	141,000	—
			2,827,740	1,652,460

Normal course issuer bid

In February 2000, the Corporation filed a normal course issuer bid authorizing it to acquire for cancellation up to 1.0 million or .48% of the outstanding common shares. The share purchase program, conducted on the open market through the recognized

exchanges, will expire on February 14, 2001. In 2000, 911,700 common shares were repurchased at a cost of \$17,121 and the premium paid to acquire the shares was charged to retained earnings.

9. INCOME TAXES

The effective income tax rate differs from the statutory rate, as described below:

	2000		1999	
Income before income taxes	\$ 506,233		\$ 414,138	
Income taxes at federal and provincial statutory rates	\$ 228,887	45.21%	\$ 187,755	45.34%
Effect of:				
Dividend income	(8,101)	(1.60)	(9,079)	(2.19)
Net capital gains and losses	(2,441)	(0.48)	(1,726)	(0.42)
Tax on large corporations	212	0.04	396	0.10
Lower effective rate of tax on income not subject to tax in Canada and other items	3,651	0.72	1,179	0.28
Income taxes provided	\$ 222,208	43.89%	\$ 178,525	43.11%
Components of income taxes provided are:				
Current income taxes	\$ 240,706		\$ 179,066	
Future income taxes	(18,498)		(541)	
	\$ 222,208		\$ 178,525	

December 31, 2000 (In thousands of dollars, except share amounts)

9. INCOME TAXES (CONT'D)

Future income tax balances are included in Other assets (Note 5) and result from temporary differences between the tax basis of assets and liabilities and their carrying amount on the balance sheet.

Sources of future income tax balances are as follows:

	2000	1999
Future income tax assets		
Strategic initiatives	\$ 29,863	\$ 26,273
Investment revaluations	16,254	6,627
Accrued benefit obligations	12,774	4,420
Tax loss carry forwards	12,451	—
Deferred revenue	8,128	8,773
Allowance for credit losses	4,533	4,001
Other	13,178	10,660
	<u>97,181</u>	<u>60,754</u>
Future income tax liabilities		
Deferred expenses	30,947	26,349
Accrued pension asset	12,205	12,718
Other	5,461	5,151
	<u>48,613</u>	<u>44,218</u>
Future income taxes	\$ <u>48,568</u>	\$ <u>16,536</u>

10. PENSION PLANS AND OTHER POST-RETIREMENT BENEFITS

Employee pension plan

The Corporation maintains a defined benefit pension plan which covers substantially all of its employees. Changes in the fair value of plan assets and the accrued pension obligation are as follows:

	2000	1999
Fair value of plan assets		
Balance, beginning of year	\$ 128,652	\$ 122,027
Employee contributions	2,186	1,904
Benefits paid	(5,913)	(5,382)
Return on plan assets	20,872	10,103
Balance, end of year	<u>145,797</u>	<u>128,652</u>
Accrued benefit obligation		
Balance, beginning of year	76,951	90,712
Benefits paid	(5,913)	(5,382)
Current service cost	1,569	2,980
Employee contributions	2,186	1,904
Interest cost	5,831	5,574
Experience gain	(2,964)	(18,837)
Balance, end of year	<u>77,660</u>	<u>76,951</u>
Funded status – plan surplus	68,137	51,701
Unamortized net experience gains	(36,435)	(23,488)
Accrued pension asset	\$ <u>31,702</u>	\$ <u>28,213</u>

December 31, 2000 (In thousands of dollars, except share amounts)

10. PENSION PLANS AND OTHER POST-RETIREMENT BENEFITS (CONT'D)

Pension expense (income) was determined as follows:

	2000	1999
Current service cost	\$ 1,569	\$ 2,980
Interest cost	5,831	5,574
Expected return on plan assets	(8,875)	(8,420)
Amortization of net experience gains	(2,009)	(2,394)
	<u>\$ (3,484)</u>	<u>\$ (2,260)</u>

Significant weighted-average actuarial assumptions:

Discount rate	7.20%	7.50%
Expected long-term rate of return on plan assets	7.00%	7.00%
Rate of compensation increase	6.10%	6.10%

Supplementary employee retirement plan

The Corporation maintains an unfunded supplementary pension plan for certain executive officers.

	2000	1999
Accrued benefit liability, end of year	<u>\$ 10,321</u>	<u>\$ 9,672</u>
Pension expense	<u>\$ 1,352</u>	<u>\$ 2,838</u>

Significant weighted-average actuarial assumptions:

Discount rate	7.00%	6.25%
Rate of compensation increase	6.10%	6.10%

Post-retirement benefit plans

The Corporation also provides certain post-retirement health care and life insurance benefits to eligible retirees.

	2000
Accrued benefit liability	
Transitional balance, beginning of year	\$ 20,435
Benefits paid	(691)
Current service cost	1,639
Interest cost	1,630
Experience gain	(2,300)
	<u>20,713</u>
Unamortized experience gain	2,300
Balance, end of year	<u>\$ 23,013</u>
Benefit expense was determined as follows:	
Current service cost	\$ 1,639
Interest cost	1,630
	<u>\$ 3,269</u>

December 31, 2000 (In thousands of dollars, except share amounts)

10. PENSION PLANS AND OTHER POST-RETIREMENT BENEFITS (CONT'D)

A discount rate of 7.25% was used to determine the non-pension post-retirement benefit obligation and a 10% trend rate was used to measure the per capita cost of covered health care benefits, declining to 4.5% annually after five years.

11. OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

The Corporation enters into derivative contracts which are negotiated in the over-the-counter market with Schedule I and Schedule II Chartered bank counterparties on a diversified basis. In all cases the derivative contracts are used for non-trading purposes and they are designated as hedges. Interest rate swaps are contractual agreements between two parties to exchange the related interest payments based on a specified notional amount and reference rate for a specified period. Interest rate swaps are used for the purpose of asset and liability management to manage interest rate risk in the deposit and mortgage banking operations. Equity index swaps are contractual agreements to exchange payments based on a specified notional amount and the stock market index reference for a specific period. Options are contractual agreements which convey the right, but not the

obligation, to buy or sell specific securities at a fixed price at a future date. Options and equity index swaps are used to manage equity market risk through hedging activities that are designed to offset changes in the equity markets that affect income earned on assets under management.

The amount subject to credit risk is limited to the current market value of the instruments which are in a gain position. This represents only a small percentage of the notional amount. The credit risk is presented without giving effect to any netting agreements or collateral arrangements and does not reflect actual or expected losses. The total estimated fair value represents the total amount that the Corporation would receive or pay to terminate all agreements at each year end. However, this does not result in a gain or loss to the Corporation as the derivative instruments which correlate to certain assets and liabilities provide offsetting gains or losses.

The following table summarizes the Corporation's off-balance sheet financial instruments at December 31:

	Notional Amount			Credit Risk	Total Estimated Fair Value
	1 Year or Less	1-5 Years	Total		
2000					
Swaps	\$ 39,600	\$ 148,000	\$ 187,600	\$ 1,334	\$ (393)
Options purchased	42,652	111,781	154,433	1,615	1,615
Options written	44,096	130,190	174,286	—	(22,314)
	\$ 126,348	\$ 389,971	\$ 516,319	\$ 2,949	\$ (21,092)
1999					
Swaps	\$ 112,963	\$ 82,600	\$ 195,563	\$ 4,704	\$ (7,714)
Options purchased	34,165	100,439	134,604	17,307	17,307
Options written	35,632	111,830	147,462	—	(2,663)
	\$ 182,760	\$ 294,869	\$ 477,629	\$ 22,011	\$ 6,930

December 31, 2000 (In thousands of dollars, except share amounts)

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table represents the fair value of on- and off-balance sheet financial instruments using the valuation methods and assumptions described below. Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties under no compulsion to act and best

evidenced by a quoted market price, if one exists. Fair values are management's estimates and are generally calculated using market conditions at a specific point in time and may not reflect future fair values. The calculations are subjective in nature, involve uncertainties and matters of significant judgment.

Fair Value	2000			1999		
	Book Value	Fair Value	Over (Under) Book Value	Book Value	Fair Value	Over (Under) Book Value
Assets						
Cash and short term investments	\$ 716,202	\$ 716,202	\$ —	\$ 527,523	\$ 527,523	\$ —
Securities	416,142	612,854	196,712	420,744	488,193	67,449
Mortgage loans	215,782	215,788	6	308,913	307,365	(1,548)
Accounts and other receivables	70,829	70,829	—	57,971	57,971	—
Total financial assets	1,418,955	\$ 1,615,673	\$ 196,718	1,315,151	\$ 1,381,052	\$ 65,901
Non-financial assets	566,257			496,807		
Total assets	\$ 1,985,212			\$ 1,811,958		
Liabilities						
Deposits and certificates	\$ 218,980	\$ 220,810	\$ 1,830	\$ 306,809	\$ 306,951	\$ 142
Accounts payable and other liabilities	349,500	349,500	—	255,567	255,567	—
Debentures and notes	168,435	160,789	(7,646)	171,220	160,433	(10,787)
Total financial liabilities	736,915	\$ 731,099	\$ (5,816)	733,596	\$ 722,951	\$ (10,645)
Non-financial liabilities	152,012			111,495		
Total liabilities	\$ 888,927			\$ 845,091		
Derivatives (Note 11)	\$ —	\$ (21,092)	\$ (21,092)	\$ —	\$ 6,930	\$ 6,930

Fair value is determined using the following methods and assumptions:

Short term financial instruments are assumed to be equal to book value. These include cash and short term investments, accounts and other receivables, and accounts payable and other liabilities.

Securities are valued at quoted market prices, when available. When a quoted market price is not readily available, alternative valuation methods may be used.

Mortgage loans are determined by discounting the expected future cash flows at market interest rates for loans with similar credit risk.

Deposits and certificates are determined by discounting the contractual cash flows using market interest rates currently offered for deposits with similar terms and credit risks.

Debentures and notes are determined by reference to current market prices for debentures and notes payable with similar terms and risks.

Derivative financial instruments are based on quoted market prices, where available, prevailing market rates for instruments with similar characteristics and maturities, or net present value analysis.

December 31, 2000 (In thousands of dollars, except share amounts)

13. CONTINGENCIES AND COMMITMENTS

The Corporation is committed to the following annual lease payments under its operating leases: 2001 – \$30,314; 2002 – \$20,023; 2003 – \$13,525; 2004 – \$8,653; and 2005 – \$5,883.

14. RELATED PARTY TRANSACTIONS

The Corporation enters into transactions with its affiliate, Great-West Lifeco Inc., and with The Great-West Life Assurance Company and London Life Insurance Company, subsidiaries of its affiliate, in the normal course of operations and at market terms and conditions.

	2000	1999
The Corporation sold residential mortgage loans to Great-West Life and London Life	\$ 296,698	–
The Corporation distributes life insurance and disability insurance products of Great-West Life	\$ 16,166	\$ 16,910
London Life distributes certain mutual funds of the Corporation	\$ 7,002	\$ 6,105
The Corporation provides certain administrative services to these affiliates	\$ 5,792	\$ 5,033

During 1999, the Corporation entered into an agreement with London Life to purchase all of the outstanding common shares of The Trust Company of London Life. The transaction reflected market terms and conditions and is accounted for using the purchase method.

15. SEGMENTED INFORMATION

The Corporation is a personal financial services organization and operates only in the financial services industry. The

Corporation provides financial planning advice to individual clients through its financial planning representatives located across Canada. The Corporation offers products and services that include mutual funds, mortgages, insurance, securities services and other investment products such as guaranteed investment certificates and annuities. Significant operations are classified into operations for which the Corporation receives fee-based revenue and operations from which the Corporation earns revenues from its activities as an intermediary.

Fee-based revenues are earned by the Corporation in the conduct of its core business activities which are primarily related to the distribution, management and administration of its mutual funds. Fee revenue is also derived from the distribution of insurance products and the provision of brokerage services. Segment revenues and profits are primarily dependent on the total value and composition of assets under management which include domestic equity, international equity, debt and balanced mutual funds.

Intermediary revenues are derived primarily from the assets funded by deposit and certificate products, mortgage banking and servicing activities, and corporate investments. Segment revenues include investment income from cash and short term investments, securities and mortgage loans. Revenues also include gains and losses on the sale of securities and the Corporation's share of earnings of its affiliate.

The following table presents certain information regarding the Corporation's segments. Income taxes are not allocated to segments. Assets reported in fee-based operations, which represent mutual fund assets under management and securities assets under administration, are not reflected on the Corporation's balance sheet. Intermediary assets include all of the assets reflected on the Corporation's balance sheet and mortgage assets under administration not reflected on the balance sheet.

	2000	1999
Revenues		
Fee-based operations	\$ 1,076,494	\$ 939,656
Intermediary	141,937	120,531
	\$ 1,218,431	\$ 1,060,187
Income before income taxes		
Fee-based operations	\$ 401,525	\$ 350,844
Intermediary ⁽¹⁾	104,708	63,294
	\$ 506,233	\$ 414,138
Assets		
Fee-based operations	\$ 46,064,592	\$ 41,637,339
Intermediary	\$ 7,574,005	\$ 7,105,568

(1) Includes interest income of \$72,975 (1999 – \$52,595) and interest expense of \$21,323 (1999 – \$33,749).

December 31, 2000 (In thousands of dollars, except share amounts)

16. PROPOSED ACQUISITION OF MACKENZIE FINANCIAL CORPORATION

On January 26, 2001, the Corporation entered into a definitive agreement with Mackenzie Financial Corporation ("Mackenzie") under which it will offer to acquire all of the shares of Mackenzie for a total consideration of \$4.149 billion, or \$30.00 per share. The total consideration is payable in a combination of cash and common shares of the Corporation based on an exchange ratio of 1.2 of the Corporation's shares for each Mackenzie share, being an issue price of \$25.00 per share, or in any combination thereof subject to a maximum cash consideration of \$3.181 billion and a maximum of 38,720,011 shares of the Corporation.

The transaction is expected to be financed as follows:

(\$ millions)

Cash	\$ 1,303
Issue of common shares	368
Issue of long-term debt and preferred shares	1,510
Cash consideration	3,181
Value of share exchange	968
Total consideration	\$ 4,149

To support this transaction, Great-West Life, an affiliate of the Corporation, will be investing \$230 million to acquire 9,200,000 treasury common shares while Power Financial Corporation, which owns 67.9% of the outstanding common shares of the Corporation, will be investing \$138.3 million to acquire 5,532,000 treasury common shares.

Subject to regulatory approval and acceptance by Mackenzie shareholders, the transaction is expected to be completed in the second quarter of 2001. The transaction will be accounted for using the purchase method and the excess of the purchase price over the estimated fair value of the net tangible assets acquired will be allocated firstly to identifiable intangible assets and the residual excess to goodwill.

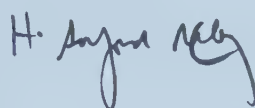
The financial statements of Investors Group Inc. and related financial information have been prepared by Management, which is responsible for the integrity, objectivity and reliability of the data presented. This responsibility includes selecting appropriate accounting principles and making judgments and estimates consistent with Canadian generally accepted accounting principles. Financial information presented elsewhere in this Annual Report is consistent with that in the financial statements.

Systems of internal control and supporting procedures are maintained to provide reasonable assurance of the reliability of financial information and the safeguarding of all assets controlled by the Corporation. These controls and supporting procedures include quality standards in hiring and training employees, the establishment of organizational structures providing a well-defined division of responsibilities and accountability for performance, and the communication of policies and guidelines through the organization. Internal controls are reviewed and evaluated by extensive internal audit programs, which are subject to scrutiny by the shareholders' auditors.

Ultimate responsibility for the financial statements rests with the Board of Directors. The Board is assisted in its responsibilities by an Audit Committee, consisting of directors who are not officers or employees of the Corporation. This committee reviews the consolidated financial statements and recommends them for approval by the Board. In addition, the committee reviews the

recommendations of the internal auditor and the shareholders' auditors for improvements in internal control and the action of Management to implement such recommendations. In carrying out its duties and responsibilities, the committee meets regularly with Management and with both the internal auditor and the shareholders' auditors to review the scope and timing of their respective audits, to review their findings and to satisfy itself that their responsibilities have been properly discharged.

Deloitte & Touche, independent auditors appointed by the shareholders, have examined the financial statements in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary in order to express the opinion in their Report to the Shareholders. The shareholders' auditors have full and free access to the Audit Committee to discuss their audit and related findings as to the integrity of the Corporation's financial reporting and the adequacy of the systems of internal control.



H. Sanford Riley
President and
Chief Executive Officer



Gregory D. Tretiak
Executive Vice-President,
Finance

AUDITORS' REPORT

To the Shareholders, Investors Group Inc.

We have audited the consolidated balance sheets of Investors Group Inc. as at December 31, 2000 and 1999 and the consolidated statements of income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants



Winnipeg, Manitoba
February 1, 2001

CONDENSED STATEMENTS OF INCOME

For the years ended December 31 (in thousands of dollars except amounts per share)

	2000	1999	1998	1997	1996	5 Year % CAGR ⁽¹⁾	1995	1994	1993	1992	1991	10 Year % CAGR ⁽¹⁾
Fee income	1,076,494	939,656	864,445	730,819	544,375	19.9	434,447	407,710	336,891	256,154	204,042	21.2
Net investment income	120,614	86,782	73,730	71,031	69,101	17.4	54,014	39,571	47,820	60,871	52,605	9.0
Operating expenses	1,197,108	1,026,438	938,175	801,850	613,476	19.6	488,461	447,281	384,711	317,025	256,647	19.1
	690,875	612,300	614,004	552,454	434,643	15.3	339,705	327,100	290,147	239,725	193,498	16.2
Income taxes	506,233	414,138	324,171	249,396	178,833	27.8	148,756	120,181	94,564	77,300	63,149	25.2
	222,208	178,525	135,827	101,884	61,331	34.2	51,049	35,578	24,261	18,967	12,434	43.4
Net income	284,025	235,613	188,344	147,512	117,502	23.8	97,707	84,603	70,303	58,333	50,715	19.6
Earnings per share (\$)	1.35	1.12	0.89	0.70	0.56	23.9	0.46	0.40	0.33	0.29	0.27	18.5
Dividends per share (¢)	61	49	38	30	25	26.3	19	16	13	11	10	19.8
ROE ⁽²⁾ (%)	28.1	26.4	23.8	21.1	18.8	—	17.3	16.6	15.2	15.4	18.5	—
Average shares outstanding (000s)	210,012	210,854	211,396	211,383	211,370	—	211,370	211,370	211,370	204,156	191,550	—
Share price (closing \$)	25.95	20.60	26.40	22.60	13.50	25.6	8.32	8.69	11.38	6.47	5.33	23.3

STATISTICAL DATA

(in millions of dollars)

Mutual Funds

Sales	7,053	5,915	6,296	6,513	5,031	15.2	3,472	4,240	3,940	3,134	2,270	16.4
Redemption rates (%)												
including MMF ⁽³⁾	14.0	11.9	10.0	9.9	11.6	—	15.4	13.7	12.2	11.3	12.4	—
excluding MMF ⁽³⁾	11.7	9.8	8.3	8.2	9.5	—	13.2	11.6	9.9	8.3	8.9	—
Net sales	976	1,370	2,887	3,522	2,361	12.4	543	1,900	2,168	1,663	1,068	13.4
Assets under management	44,498	40,650	36,064	32,248	25,912	17.0	20,262	17,571	15,800	11,359	9,290	20.2

Insurance

Sales (annualized premiums)	27	25	19	14	10	28.5	8	4	6	5	6	15.7
In force (face amount)	20,876	18,086	14,548	12,279	10,327	17.7	9,256	8,158	7,600	7,012	6,551	13.3

Securities Operations

External assets gathered	1,331	946	385	254	122	—	—	—	—	—	—	—
Assets under administration	2,646	1,471	590	316	128	—	—	—	—	—	—	—

Mortgages

Originations	843	1,011	959	1,002	912	0.8	812	935	638	766	546	5.9
Mortgages serviced	7,147	7,569	8,144	4,157	4,145	12.7	3,935	3,541	3,120	3,015	2,754	10.2

Deposits and Certificates

Sales	105	87	78	94	117	(19.0)	301	259	216	214	305	(13.6)
Deposits and certificates	219	307	372	488	986	(26.7)	1,032	1,085	1,240	1,426	1,612	(18.7)

Corporate Assets

	1,985	1,812	1,799	1,765	1,959	0.8	1,904	1,866	1,951	2,102	2,139	(1.1)
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Mutual Fund

Unitholder Accounts

(in thousands)	4,751	4,203	3,627	2,890	2,196	22.4	1,726	1,485	1,184	974	839	20.2
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Clients

(in thousands)	1,167	1,138	1,053	940	846	8.8	764	706	538	475	426	11.5
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Consultants

	3,483	3,626	3,774	3,507	3,187	2.8	3,032	3,395	3,019	2,491	1,941	7.3
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(1) Compound annual growth rate (2) Return on average common equity (3) Money market funds

STATEMENTS OF QUARTERLY INCOME

For the years ended December 31 (in thousands of dollars except amounts per share)

	2000				1999			
	4	3	2	1	4	3	2	1
Fee Income								
Management	\$ 212,552	\$ 214,799	\$ 203,607	\$ 193,172	\$ 183,724	\$ 186,349	\$ 181,574	\$ 172,468
Administration	38,507	34,858	36,766	32,529	34,033	32,891	32,987	30,198
Distribution	28,986	25,496	24,867	30,355	24,281	20,366	21,289	19,496
Total fee income	280,045	275,153	265,240	256,056	242,038	239,606	235,850	222,162
Investment Income								
Investment income	49,081	35,900	30,509	26,447	37,835	27,142	27,763	27,791
Interest expense	5,088	5,143	5,276	5,816	6,678	7,061	9,677	10,333
Net investment income	43,993	30,757	25,233	20,631	31,157	20,081	18,086	17,458
Operating Income	324,038	305,910	290,473	276,687	273,195	259,687	253,936	239,620
Operating Expenses	188,886	165,820	159,236	176,933	156,796	149,284	147,436	158,784
Income before income taxes	135,152	140,090	131,237	99,754	116,399	110,403	106,500	80,836
Income taxes	55,239	63,568	58,164	45,237	50,195	46,905	45,906	35,519
Net Income	\$ 79,913	\$ 76,522	\$ 73,073	\$ 54,517	\$ 66,204	\$ 63,498	\$ 60,594	\$ 45,317
Earnings per Share (¢)	38.0	36.5	34.8	25.9	31.4	30.1	28.7	21.5
Dividends per Share (¢)	16.0	16.0	14.5	14.5	13.0	13.0	11.5	11.5

STATISTICAL DATA

(in millions of dollars)

Mutual Funds

Sales	\$ 1,598	\$ 1,459	\$ 1,557	\$ 2,439	\$ 1,458	\$ 1,349	\$ 1,331	\$ 1,777
Redemption rate ⁽¹⁾ (%)	14.0	14.0	13.9	13.4	11.9	11.1	10.5	10.3
Net sales	117	87	67	705	190	210	213	757
Assets under management	44,498	45,337	43,909	43,117	40,650	37,975	38,519	37,052

Insurance

Sales (annualized premiums)	\$ 8	\$ 7	\$ 6	\$ 6	\$ 7	\$ 6	\$ 7	\$ 5
In force (face amount)	20,876	20,194	19,577	18,847	18,086	17,149	16,259	15,278

Securities Operations

External assets gathered	\$ 341	\$ 294	\$ 354	\$ 342	\$ 350	\$ 277	\$ 197	\$ 122
Assets under administration	2,646	2,564	2,289	1,934	1,471	1,085	901	711

Mortgages

Originations	\$ 195	\$ 201	\$ 256	\$ 191	\$ 215	\$ 239	\$ 319	\$ 238
Mortgages serviced	7,147	7,277	7,410	7,477	7,569	7,639	7,755	7,971

Deposits and Certificates

Sales	\$ 18	\$ 19	\$ 27	\$ 41	\$ 27	\$ 24	\$ 20	\$ 16
Deposits and certificates	219	241	247	266	307	305	328	354

Corporate Assets	\$ 1,985	\$ 1,930	\$ 1,825	\$ 1,810	\$ 1,812	\$ 1,746	\$ 1,746	\$ 1,831
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Consultants	3,483	3,511	3,599	3,605	3,626	3,647	3,712	3,809
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(1) Including money market funds

The Corporation is a leading provider of personal financial planning services and related products in Canada. It is also Canada's largest sponsor and distributor of mutual funds.

Investors Group has been doing business in Canada for 75 years. Today, its controlling shareholder, Power Financial Corporation, holds 67.9% of its outstanding shares.

Operating in the financial services industry, the Corporation is already subject to many guidelines and regulations concerning its affairs. The Corporation believes that active Boards and Board Committees are the cornerstone of sound corporate governance, and offers the following comments with respect to its governance practices.

BOARD AND BOARD COMMITTEES

The Board of the Corporation is comprised of sixteen Directors, and there are four Committees of the Board. A total of twenty-three (23) Board and Board Committee meetings are scheduled for 2001. The mandate of the Board is to supervise the management of the business and affairs of the Corporation. Some of the key functions of the Board of Directors include succession planning, evaluating the performance and effectiveness of senior management, reviewing the strategic plans developed by senior management, identifying risks and assessing controls, and developing an effective approach to governance issues.

The management of the mutual funds is supervised by a separate Board of Directors composed of individuals who are not Directors of the Board of the Corporation except for the Chief Executive Officer.

The mandates of the various Committees of the Board of the Corporation are as follows:

EXECUTIVE COMMITTEE

The Executive Committee exercises between meetings of the Board all powers of the Board of Directors except those powers which by law cannot be delegated to an executive committee. Its mandate is to supervise the management of the business and affairs of the Corporation. The Executive Committee is responsible for the development of position descriptions for senior management, the recommendation, after consultation, of appointments to senior management, the review of senior management's performance and effectiveness, the determination of senior management's compensation and establishing the limits of senior management's responsibilities. The Executive Committee is involved on an ongoing basis in reviewing and approving the strategic plans developed by management, as well as the annual business plans incorporating business objectives and key results for which management is also responsible. Nine (9) meetings are scheduled for 2001.

PUBLIC POLICY COMMITTEE

The Public Policy Committee reviews and assesses the Corporation's policies and procedures with respect to charitable contributions, personnel policies and employment practices and other matters relative to the Corporation's response to its social obligations and to the public interest in the conduct of its business. Three (3) meetings are scheduled for 2001.

AUDIT COMMITTEE

The primary mandate of the Audit Committee is to review the quarterly and annual financial statements, public disclosure documents containing financial information and reports to be filed

with regulatory authorities in connection with the financial condition of the Corporation. In addition, the Audit Committee reviews and monitors the role of the external auditor and ensures that appropriate internal control procedures are in place to address identified business risks. The Audit Committee regularly meets separately with the external auditor, without the presence of management. Four (4) meetings are scheduled for 2001.

INVESTMENT COMMITTEE

The Investment Committee's mandate is to monitor the investment operations of the Corporation and its subsidiaries. The Committee is responsible for reviewing compliance with, and approving changes in, the investment policy of the Corporation and its subsidiaries. Three (3) meetings of the Committee are scheduled for 2001.

BOARD AND BOARD COMMITTEE COMPOSITION

The majority of the sixteen directors on the Board are considered to be unrelated to the Corporation. In addition, a number of directors are free from any interests in, or relationships with, either the Corporation or its controlling shareholder.

There is a majority of Directors unrelated to the Corporation on all Committees of the Board, and the Audit Committee is comprised entirely of non-management Directors. The Chairman of the Board and the Chairs of the Board Committees are all non-management Directors.

BOARD OPERATION

The Chairman's responsibility towards the efficient operation of the Board includes the recommendation, after consultation, of appropriate candidates for nomination to the Board, recommendations concerning Directors' compensation, and any change that would improve the working of the Board. The Chairman, together with the Chief Executive Officer, also provides new Directors with an orientation to assist the Directors in becoming acquainted with the affairs of the Corporation. The Board of Directors itself determines the effectiveness of its size to ensure efficiency and to facilitate effective decision-making. It is ultimately the role of the Corporation's shareholders, however, to assess the effectiveness of the Board of Directors.

The strategic and annual business plans for the Corporation are submitted to the Board for ratification. Management is expected to implement the plans, achieve the objectives and anticipated results, and to report regularly to the Board and the Executive Committee on their progress.

Committees may, at the expense of the Corporation, retain such professional advisors as the Committees deem appropriate for purposes of carrying out their duties and responsibilities.

SHAREHOLDER COMMUNICATIONS

In addition to the public documents the Corporation is required to file with the various regulatory authorities, the Corporation regularly communicates with its shareholders and the financial community through quarterly reports, the annual report and press releases, as needed. A question period is reserved for shareholders at the end of each Annual Shareholder's Meeting and shareholders are invited to ask questions or address their comments to the directors and senior officers of the Corporation. Any shareholder wishing to contact the Corporation may do so through the Corporate Secretary's Department.



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Chairman
Investors Group Inc.
President and
Chief Executive Officer
Power Financial Corporation
Montreal, Quebec

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President and
Chief Executive Officer
Investors Group Inc.
Winnipeg, Manitoba

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Deputy Chairman
Power Corporation of Canada
Winnipeg, Manitoba

André Desmarais ^{1,4}
President and
Co-Chief Executive Officer
Power Corporation of Canada
Montreal, Quebec

Paul G. Desmarais, P.C., C.C.
Chairman of the
Executive Committee
Power Corporation of Canada
Montreal, Quebec

Paul Desmarais, Jr. ^{1,4}
Chairman and
Co-Chief Executive Officer
Power Corporation of Canada
Montreal, Quebec

Wanda M. Dorosz ⁴
President, Chief Executive Officer
and Managing Partner
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New York, New York

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Partner
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Toronto, Ontario

Daniel Johnson ^{1,4}
Counsel, McCarthy Tétrault
Montreal, Quebec

**The Right Honourable
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Vegreville, Alberta

John McCallum ^{2,3}
Professor of Finance
University of Manitoba
Winnipeg, Manitoba

Roy W. Piper ^{2,3}
Self-Employed Farmer
Elrose, Saskatchewan

**The Honourable
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Power Corporation of Canada
Montreal, Quebec

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Vice-Chairman and
Chief Financial Officer
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Environmental Services
St. John's, Newfoundland

Gérard Veilleux, O.C., D.U. ^{2,3}
President
Power Communications Inc.
Montreal, Quebec

Committees

- ¹ Executive Committee
Chair, Robert Gratton
- ² Audit Committee
Chair, The Right Honourable
Donald F. Mazankowski, O.C., P.C.
- ³ Public Policy Committee
Chair, Susan Sherk
- ⁴ Investment Committee
Chair, Robert Gratton

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Finance

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Client and Information Services

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Bill McNamee-Lamb
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Human Resources

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Strategy and Corporate
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Financial Services Group

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Chief Information Officer

W. Terrence Wright, Q.C.
Senior Vice-President,
General Counsel and Secretary

I.G. INVESTMENT MANAGEMENT, LTD.

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President and Managing Partner

Alan Brownridge
Managing Partner

Domenic Grestoni
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STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Stock Exchange Symbol – IGI

AUDITORS

Deloitte & Touche LLP

TRANSFER AGENT AND REGISTRAR

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Company of Canada
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Canada R3C 3X2
Tel: (888) 267-6555
Fax: (204) 985-3162

ANNUAL MEETING

The Annual Meeting of Investors Group Inc. will be held in the Muriel Richardson Auditorium, Winnipeg Art Gallery, 300 Memorial Boulevard, Winnipeg, Manitoba, on Friday, April 27, 2001, at 11:00 a.m. Central Daylight Time.

ANALYST CONTACT

For additional financial information about the Corporation, please contact:
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Email: greg.tretiak@investorsgroup.com

SHAREHOLDER INFORMATION

For additional information concerning Investors Group Inc., please contact the Corporate Secretary's Department at the Corporation's Head Office.
Telephone: (204) 956-8532
Fax: (204) 949-9594
Website: <http://www.investorsgroup.com>

NORMAL COURSE ISSUER BID

The Corporation has renewed its Normal Course Issuer Bid through the facilities of The Toronto Stock Exchange from February 15, 2001 to February 14, 2002. During the course of the bid, the Corporation intends to purchase for cancellation up to but not more than 10,487,669 common shares being approximately 5% of its outstanding capital. Shareholders may obtain a copy of the Bid, without charge, by contacting the Corporate Secretary's Department at the Corporation's Head Office.

ANNUAL REPORT ONLINE

Visit our online Annual Report at
www.investorsgroup.com

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